

Exhibit B

SUPERIOR COURT OF CALIFORNIA

**SUMMONS
(CITACION JUDICIAL)**

COUNTY OF SAN FRANCISCO

SUM-100

DEFENDANTS

NOTICE TO DEFENDANT (AVISO AL DEMANDADO):

CREDIT SUISSE SECURITIES (USA) LLC, F/K/A CREDIT SUISSE FIRST BOSTON LLC; CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP.; DEUTSCHE BANK SECURITIES, INC.; DEUTSCHE ALT-A SECURITIES, INC.; J.P. MORGAN SECURITIES, INC., F/K/A BEAR STEARNS & CO., INC.; STRUCTURED ASSET MORTGAGE INVESTMENTS II, INC.; THE BEAR STEARNS COMPANIES, LLC, F/K/A THE BEAR STEARNS COMPANIES, INC.

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

Additional Parties Attachment form is attached.

**YOU ARE BEING SUED BY PLAINTIFF;
(LO ESTÁ DEMANDANDO EL DEMANDANTE)**
FEDERAL HOME LOAN BANK OF SAN FRANCISCO

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/courtforms/), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/courtforms/), or by contacting your local court or county bar association.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen este citación y papeles legales para presentar una respuesta por escrito en este caso y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto al que se presentan en estos en la corte. Es posible que haya un formulario que usted puede usar para su respuesta. Puede encontrar estos formularios en la corte y más información en el Centro de Ayuda de las Cortes de California (www.courtinfo.ca.gov/courtforms/), en la biblioteca de leyes de su condado o en la corte que le queda más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte lo podrá quitar sus bienes, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Se recomienda que llame a un abogado inmediatamente. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.courtinfo.ca.gov/courtforms/) o comunicarse con la corte o consejo de abogados locales.

The name and address of the court is: (El nombre y dirección de la corte es):
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO
400 McAllister Street
San Francisco, California 94102

CASE NUMBER (Número del Caso):
CGC-10-497840

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
ROBERT A. GOODIN, SBN 061302 415-392-7900 415-938-4321 fax
FRANCINE T. RADFORD, SBN 168269/ANNE H. HARTMAN, SBN 164556
GOODIN, MACBRIDE, SQUERI, DAY & LAMPREY, LLP
505 Sansome Street, Suite 900, San Francisco, California 94111
Additional Counsel listed on Additional Page form attached.

DATE: JUN 09 2010 CLERK OF THE COURT Clerk, by WESLEY RAMIREZ Deputy
(Fecha) (Secretaria) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served

- as an individual defendant.
- as the person sued under the fictitious name of (specify):

- on behalf of (specify): Deutsche Bank Securities, Inc. ✓

under: CCP 416.10 (corporation)
 CCP 416.20 (defunct corporation)
 CCP 416.40 (association or partnership)
 other (specify):

CCP 416.60 (minor)
 CCP 416.70 (conservator)
 CCP 416.90 (individual)

- by personal delivery on (date): *6/11/10*

SUPERIOR COURT OF CALIFORNIA

**SUMMONS
(CITACION JUDICIAL)**

COUNTY OF SAN FRANCISCO

SUM-100

**DEFENDANTS
NOTICE TO DEFENDANT (AVISO AL DEMANDADO):**

CREDIT SUISSE SECURITIES (USA) LLC, P/K/A CREDIT SUISSE FIRST BOSTON LLC, CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP.; DEUTSCHE BANK SECURITIES, INC.; DEUTSCHE ALT-A SECURITIES, INC.; J.P. MORGAN SECURITIES, INC., P/K/A BEAR STEARNS & CO., INC.; STRUCTURED ASSET MORTGAGE INVESTMENTS II, INC.; THE BEAR STEARNS COMPANIES, LLC, P/K/A THE BEAR STEARNS COMPANIES, INC.

Additional Parties Attachment form is attached.

**YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE)**
FEDERAL HOME LOAN BANK OF SAN FRANCISCO

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORT)

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find those court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association.

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The name and address of the court is: (El nombre y dirección de la corte es):
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO
400 McAllister Street
San Francisco, California 94102

CASE NUMBER (Número del Caso):
CGC-10-497840

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
ROBERT A. GOODIN, SBN 061302 415-392-7900 415-938-4321 fax
FRANCINE T. RADFORD, SBN 168269/ANNE H. HARTMAN, SBN 184556
GOODIN, MACBRIDE, SQUERRI, DAY & LAMPREY, LLP
505 Sansome Street, Suite 900, San Francisco, California 94111
Additional Counsel listed on Additional Page form attached.

DATE: JUN 09 2010 CLERK OF THE COURT Clerk, by WESLEY RAMIREZ Deputy
(Fecha) (Sobrino) (Adjunto)

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1. as an individual defendant.
2. as the person sued under the fictitious name of (specify):

3. on behalf of (specify): Deutsche Bank Securities, Inc.

under: CCP 416.10 (corporation)
 CCP 416.20 (defunct corporation)
 CCP 416.40 (association or partnership)
 other (specify):

CCP 416.50 (minor)
 CCP 416.70 (conservator)
 CCP 416.90 (individual)

4. by personal delivery on (date): 6/14/10

Page 1 of 1

Code of Civil Procedure §§ 412.20, 465

SF-CSS

SUM-200(A)

SHORT TITLE: Federal Home Loan Bank of San Francisco v.
Credit Suisse Securities (USA) LLC, et al.

CASE NUMBER
CGC-10-497840

INSTRUCTIONS FOR USE

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

Plaintiff Defendant Cross-Complainant Cross-Defendant

RBS SECURITIES, INC., F/K/A GREENWICH CAPITAL MARKETS, INC.; RBS ACCEPTANCE, INC. F/K/A GREENWICH CAPITAL ACCEPTANCE, INC.; MORGAN STANLEY & CO. INCORPORATED; UBS SECURITIES, LLC; MORTGAGE ASSET SECURITIZATION TRANSACTIONS, INC.; BANC OF AMERICA SECURITIES LLC; BANC OF AMERICA FUNDING CORPORATION; BANC OF AMERICA MORTGAGE SECURITIES, INC.; COUNTRYWIDE SECURITIES CORPORATIONS; CWALT, INC.; COUNTRYWIDE FINANCIAL CORPORATION; AND, DOES 1 - 50

Page 2 of 3
Page 1 of 1

SHORT TITLE: Federal Home Loan Bank of San Francisco v. Credit Suisse Securities, (USA) LLC, et al.	CASE NUMBER: CGC-10-497840
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1 GRAIS & ELLSWORTH LLP
 2 DAVID J. GRAIS (pro hac vice)
 3 KATHRYN C. ELLSWORTH (pro hac vice)
 4 OWEN L. CYRULINK (pro hac vice)
 5 70 East 55th Street
 6 New York, New York 10022
 7 Telephone: (212) 755-0100
 8 Facsimile: (212) 755-0052

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26 (Required for verified pleading) The items on this page stated on information and belief (specify item numbers, not line
 numbers):
 27

This page may be used with any Judicial Council form or any other paper filed with this court.

Page 3

Form Approved by the
Judicial Council of California
MC-080 (Rev January 1, 1987)
Optional Form

ADDITIONAL PAGE
Attach to Judicial Council Form or Other Court Paper

Legal
Solutions
to Plus

CGC 291, 301

SUPERIOR COURT OF CALIFORNIA

**SUMMONS
(CITACION JUDICIAL)**

COUNTY OF SAN FRANCISCO

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FEDERAL HOME LOAN BANK OF SAN FRANCISCO

SUM-100

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505 Sansome Street, Suite 900, San Francisco, California 94111
Additional Counsel listed on Additional Page form attached.

DATE: JUN 09 2010 CLERK OF THE COURT Clerk, by WESLEY RAMIREZ Deputy
(Fecha) (Secretario) (Adjunto)

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1. as an individual defendant.
2. as the person sued under the fictitious name of (specify):

3. on behalf of (specify): Deutsche Alt-A Securities, Inc.

- | | |
|---|---|
| <p>under:</p> <p><input checked="" type="checkbox"/> CCP 418.10 (corporation)
 <input checked="" type="checkbox"/> CCP 418.20 (defunct corporation)
 <input checked="" type="checkbox"/> CCP 418.40 (association or partnership)
 <input type="checkbox"/> other (specify):</p> | <p><input type="checkbox"/> CCP 418.60 (minor)
 <input type="checkbox"/> CCP 418.70 (conservator)
 <input type="checkbox"/> CCP 418.90 (individual)</p> |
|---|---|

4. by personal delivery on (date):

SUM-200(A)

SHORT TITLE: Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (USA) LLC, et al.	CASE NUMBER: CGC-10-497840
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INSTRUCTIONS FOR USE

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- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

Plaintiff Defendant Cross-Complainant Cross-Defendant

RBS SECURITIES, INC., P/K/A GREENWICH CAPITAL MARKETS, INC.; RBS ACCEPTANCE, INC. P/K/A GREENWICH CAPITAL ACCEPTANCE, INC.; MORGAN STANLEY & CO. INCORPORATED; UBS SECURITIES, LLC; MORTGAGE ASSET SECURITIZATION TRANSACTIONS, INC.; BANC OF AMERICA SECURITIES LLC; BANC OF AMERICA FUNDING CORPORATION; BANC OF AMERICA MORTGAGE SECURITIES, INC.; COUNTRYWIDE SECURITIES CORPORATIONS; CWALT, INC.; COUNTRYWIDE FINANCIAL CORPORATION; AND, DOES 1 - 50

Page 2 of 3
Page 1 of 1

SHORT TITLE: Federal Home Loan Bank of San Francisco v. Credit Suisse Securities, (USA) LLC, et al.	CASE NUMBER CGC-10-497840
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1 GRAIS & ELLSWORTH LLP
 2 DAVID J. GRAIS (pro hac vice)
 3 KATHRYN C. ELLSWORTH (pro hac vice)
 4 OWEN L. CYRULINK (pro hac vice)
 5 70 East 55th Street
 6 New York, New York 10022
 7 Telephone: (212) 755-0100
 8 Facsimile: (212) 755-0052

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(Required for verified pleading) The items on this page stated on information and belief (specify item numbers, not line numbers):

This page may be used with any Judicial Council form or any other paper filed with this court.

Page 3

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, S. Bar number, and address):

ROBERT A. GOODIN, State Bar No. 061302
 FRANCINE T. RADFORD, State Bar No. 168269
 GOODIN, MacBRIDE, SQUERI, DAY & LAMPREY, LLP
 505 Sansome, Suite 900
 San Francisco, California 941111

TELEPHONE NO.: (415) 392-7900 FAX NO.: (415) 398-4321

ATTORNEY FOR (Name): Plaintiff Federal Home Loan Bank of SF

SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Francisco

STREET ADDRESS: 400 McAllister Street

MAILING ADDRESS:

CITY AND ZIP CODE: San Francisco, California 94102

BRANCH NAME: Civil Division

CASE NAME: Federal Home Loan Bank of San Francisco v. CREDIT SUISSE SECURITIES (USA) LLC, F/K/A CREDIT SUISSE FIRST BOSTON LLC

FOR COURT USE ONLY

ENDORSED
FILED

San Francisco County Superior Court

MAR 15 2010

CLERK OF THE COURT

BY: PARAM NATT Deputy Clerk

CIVIL CASE COVER SHEET

Unlimited Limited
 (Amount demanded exceeds \$25,000) (Amount demanded is \$25,000 or less)

Complex Case Designation

Counter Joiner

Filed with first appearance by defendant
(Cal. Rules of Court, rule 3.402)CASE NUMBER:
CGC 10 . 497840

JUDGE:

DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort

Auto (22)
 Uninsured motorist (46)

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
 Product liability (24)
 Medical malpractice (45)
 Other PI/PD/WD (23)

Non-PI/PD/WD (Other) Tort

Business tort/unfair business practice (07)
 Civil rights (08)
 Defamation (13)
 Fraud (16)
 Intellectual property (19)
 Professional negligence (25)
 Other non-PI/PD/WD tort (35)

Employment

Wrongful termination (38)
 Other employment (15)

Contract

Breach of contract/warranty (06)
 Rule 3.740 collections (09)
 Other collections (09)
 Insurance coverage (18)

Real Property

Eminent domain/inverse condemnation (14)
 Wrongful eviction (33)
 Other real property (26)

Unlawful Detainer

Commercial (31)
 Residential (32)
 Drugs (38)

Judicial Review

Asset forfeiture (05)
 Petition re: arbitration award (11)
 Writ of mandate (02)
 Other judicial review (39)

Provisionally Complex Civil Litigation
(Cal. Rules of Court, rules 3.400-3.403)

Antitrust/Trade regulation (03)
 Construction defect (10)
 Mass tort (40)
 Securities litigation (28)
 Environmental/Toxic tort (30)
 Insurance coverage claims arising from the above listed provisionally complex case types (41)

Enforcement of Judgment

Enforcement of judgment (20)

Miscellaneous Civil Complaint

RICO (27)
 Other complaint (not specified above) (42)

Miscellaneous Civil Petition

Partnership and corporate governance (21)
 Other petition (not specified above) (43)

2. This case is is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:

- a. Large number of separately represented parties d. Large number of witnesses
 b. Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve e. Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
 c. Substantial amount of documentary evidence f. Substantial postjudgment judicial supervision

3. Remedies sought (check all that apply): a. monetary b. nonmonetary; declaratory or injunctive relief c. punitive

4. Number of causes of action (specify): Five

5. This case is is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: March 12, 2010

ROBERT A. GOODIN, State Bar No. 061302
(TYPE OR PRINT NAME)*Robert A. Goodin, Esq.*

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

INSTRU DONS ON HOW TO COMPLETE THE CO SHEET

CM-010

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the Civil Case Cover Sheet contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the Civil Case Cover Sheet to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

Auto (22)—Personal Injury/Property

Damage/Wrongful Death

Uninsured Motorist (46) (if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)

Asbestos Property Damage

Asbestos Personal Injury/

Wrongful Death

Product Liability (not asbestos or toxic/environmental) (24)

Medical Malpractice (45)

Medical Malpractice—

Physicians & Surgeons

Other Professional Health Care

Malpractice

Other PI/PD/WD (23)

Premises Liability (e.g., slip and fall)

Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)

Intentional Infliction of

Emotional Distress

Negligent Infliction of

Emotional Distress

Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)

Civil Rights (e.g., discrimination, false arrest) (not civil harassment) (08)

Defamation (e.g., slander, libel) (13)

Fraud (16)

Intellectual Property (19)

Professional Negligence (25)

Legal Malpractice

Other Professional Malpractice (not medical or legal)

Other Non-PI/PD/WD Tort (35)

Employment

Wrongful Termination (36)

Other Employment (15)

Contract

Breach of Contract/Warranty (06)

Breach of Rental/Lease

Contract (not unlawful detainer or wrongful eviction)

Contract/Warranty Breach—Seller Plaintiff (not fraud or negligence)

Negligent Breach of Contract/

Warranty

Other Breach of Contract/Warranty Collections (e.g., money owed, open book accounts) (09)

Collection Case—Seller Plaintiff

Other Promissory Note/Collections Case

Insurance Coverage (not provisionally complex) (18)

Auto Subrogation

Other Coverage

Other Contract (37)

Contractual Fraud

Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)

Wrongful Eviction (33)

Other Real Property (e.g., quiet title) (26)

Writ of Possession of Real Property

Mortgage Foreclosure

Quiet Title

Other Real Property (not eminent domain, landlord/tenant, or foreclosure)

Unlawful Detainer

Commercial (31)

Residential (32)

Drugs (38) (if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)

Judicial Review

Asset Forfeiture (05)

Petition Re: Arbitration Award (11)

Writ of Mandate (02)

Writ—Administrative Mandamus

Writ—Mandamus on Limited Court

Case Matter

Writ—Other Limited Court Case

Review

Other Judicial Review (39)

Review of Health Officer Order

Notice of Appeal—Labor

Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)

Construction Defect (10)

Claims Involving Mass Tort (40)

Securities Litigation (28)

Environmental/Toxic Tort (30)

Insurance Coverage Claims (arising from provisionally complex case type listed above) (41)

Enforcement of Judgment

Enforcement of Judgment (20)

Abstract of Judgment (Out of County)

Confession of Judgment (non-domestic relations)

Slater State Judgment

Administrative Agency Award (not unpaid taxes)

Petition/Certification of Entry of Judgment on Unpaid Taxes

Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)

Other Complaint (not specified above) (42)

Declaratory Relief Only

Injunctive Relief Only (non-harassment)

Mechanics Lien

Other Commercial Complaint Case (non-tort/non-complex)

Other Civil Complaint (non-tort/non-complex)

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)

Other Petition (not specified above) (43)

Civil Harassment

Workplace Violence

Elder/Dependent Adult Abuse

Election Contest

Petition for Name Change

Petition for Relief from Late Claim

Other Civil Petition

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): ROBERT A. GOODIN, State Bar No. 061302 FRANCINE T. RADFORD, State Bar No. 168269 GOODIN, MacBRIDE, SQUERI, DAY & LAMPREY, LLP 505 Sansome, Suite 900 San Francisco, California 941111 TELEPHONE NO.: (415) 392-7900 FAX NO. (optional): (415) 398-4321 E-MAIL ADDRESS (Optional): rgoodin@goodinmacbride.com ATTORNEY FOR (Name): Plaintiff Federal Home Loan Bank of SF	ENDORSED FILED Superior Court of California County of San Francisco MAR 15 2010 CLERK OF THE COURT WESLEY RAMIREZ Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Francisco STREET ADDRESS: 400 McAllister Street MAILING ADDRESS: CITY AND ZIP CODE: San Francisco, California BRANCH NAME: Civil Division	
PLAINTIFF/PETITIONER: FEDERAL HOME LOAN BANK OF SAN FRANCISCO	CASE NUMBER: CGC-10-497840
DEFENDANT/RESPONDENT: Credit Suisse Securities (USA) LLC, et al.	JUDICIAL OFFICER:
NOTICE OF RELATED CASE	DEPT.:

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1. a. Title: Federal Home Loan Bank of San Francisco v. Deutsche Bank Securities, Inc., et al.
- b. Case number:
- c. Court: same as above
 other state or federal court (name and address):
- d. Department:
- e. Case type: limited civil unlimited civil probate family law other (specify):
- f. Filing date: March 12, 2010
- g. Has this case been designated or determined as "complex"? Yes No
- h. Relationship of this case to the case referenced above (check all that apply):
 - involves the same parties and is based on the same or similar claims.
 - arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - Involves claims against, title to, possession of, or damages to the same property.
 - Is likely for other reasons to require substantial duplication of judicial resources if heard by different judges. Additional explanation is attached in attachment 1h
- i. Status of case:
 - pending
 - dismissed with without prejudice
 - disposed of by judgment
2. a. Title:
- b. Case number:
- c. Court: same as above
 other state or federal court (name and address):
- d. Department:

CM-015

PLAINTIFF/PETITIONER: FEDERAL HOME LOAN BANK OF SAN FRANCISCO	CASE NUMBER:
DEFENDANT/RESPONDENT: Credit Suisse Securities (USA) LLC, et al.	

2. (continued)

e. Case type: limited civil unlimited civil probate family law other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex"? Yes No

h. Relationship of this case to the case referenced above (check all that apply):

- involves the same parties and is based on the same or similar claims.
 arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 involves claims against, title to, possession of, or damages to the same property.
 is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 Additional explanation is attached in attachment 2h

i. Status of case:

- pending
 dismissed with without prejudice
 disposed of by judgment

3. a. Title:

b. Case number:

c. Court: same as above other state or federal court (name and address):

d. Department:

e. Case type: limited civil unlimited civil probate family law other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex"? Yes No

h. Relationship of this case to the case referenced above (check all that apply):

- involves the same parties and is based on the same or similar claims.
 arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 involves claims against, title to, possession of, or damages to the same property.
 is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 Additional explanation is attached in attachment 3h

i. Status of case:

- pending
 dismissed with without prejudice
 disposed of by judgment

4. Additional related cases are described in Attachment 4. Number of pages attached: _____

Date:

Anne Hartman, Goodwin MacBrine

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)


 (SIGNATURE OF PARTY OR ATTORNEY)

CASE NUMBER: CGC-10-7839 FEDERAL HOME LOANS B. K OF SAN FRANCISCO VS. I

NOTICE TO PLAINTIFF

A Case Management Conference is set for:

DATE: AUG-13-2010

TIME: 9:00AM

**PLACE: Department 212
400 McAllister Street
San Francisco, CA 94102-3680**

All parties must appear and comply with Local Rule 3.

CRC 3.725 requires the filing and service of a case management statement form CM-110 no later than 15 days before the case management conference.

However, it would facilitate the issuance of a case management order without an appearance at the case management conference if the case management statement is filed, served and lodged in Department 212 twenty-five (25) days before the case management

Plaintiff must serve a copy of this notice upon each party to this action with the summons and complaint. Proof of service subsequently filed with this court shall so state.

ALTERNATIVE DISPUTE RESOLUTION POLICY REQUIREMENTS

IT IS THE POLICY OF THE SUPERIOR COURT THAT EVERY CIVIL CASE PARTICIPATE IN EITHER MEDIATION, JUDICIAL OR NON-JUDICIAL ARBITRATION, THE EARLY SETTLEMENT PROGRAM OR SOME SUITABLE FORM OF ALTERNATIVE DISPUTE RESOLUTION PRIOR TO A MANDATORY SETTLEMENT CONFERENCE OR TRIAL. (SEE LOCAL RULE 4)

Plaintiff must serve a copy of the Alternative Dispute Resolution Information Package on each defendant along with the complaint. All counsel must discuss ADR with clients and opposing counsel and provide clients with a copy of the Alternative Dispute Resolution Information Package prior to filing the Case Management Statement.

[DEFENDANTS: Attending the Case Management Conference does not take the place of filing a written response to the complaint. You must file a written response with the court within the time limit required by law. See Summons.]

Superior Court Alternative Dispute Resolution Coordinator
400 McAllister Street, Room 103
San Francisco, CA 94102
(415) 551-3876

See Local Rules 3.6, 6.0 C and 10 D re stipulation to commissioners acting as temporary judges

Alternative Dispute Resolution (ADR) Program Information Package

Alternatives to Trial

**There are other ways to
resolve a civil dispute.**

**The plaintiff must serve a copy of the ADR information package
on each defendant along with the complaint. (CRC 3.221(c))**



**Superior Court of California
County of San Francisco**

Introduction

Did you know that most civil lawsuits settle without a trial?

And did you know that there are a number of ways to resolve civil disputes without having to sue somebody?

These alternatives to a lawsuit are known as alternative dispute resolutions (ADR). The most common forms of ADR are mediation, arbitration and case evaluation. There are a number of other kinds of ADR as well.

In ADR, trained, impartial persons decide disputes or help parties decide disputes themselves. These persons are called neutrals. For example, in mediation, the neutral is the mediator. Neutrals normally are chosen by the disputing parties or by the court. Neutrals can help parties resolve disputes without having to go to court.

ADR is not new. ADR is available in many communities through dispute resolution programs and private neutrals.

Advantages of ADR

ADR can have a number of advantages over a lawsuit.

- **ADR can save time.** A dispute often can be resolved in a matter of months, even weeks, through ADR, while a lawsuit can take years.
- **ADR can save money.** Court costs, attorneys fees, and expert fees can be saved.
- **ADR can be cooperative.** This means that the parties having a dispute may work together with the neutral to resolve the dispute and agree to a remedy that makes sense to them, rather than work against each other.
- **ADR can reduce stress.** There are fewer, if any, court appearances. And because ADR can be speedier, and save money, and because the parties are normally cooperative, ADR is easier on the nerves. The parties don't have a lawsuit hanging over their heads for years.
- **ADR encourages participation.** The parties may have more chances to tell their side of the story than in court and may have more control over the outcome.
- **ADR is flexible.** The parties can choose the ADR process that is best for them. For example, in mediation the parties may decide how to resolve their dispute.
- **ADR can be more satisfying.** For all the above reasons, many people have reported a high degree of satisfaction with ADR.

Because of these advantages, many parties choose ADR to resolve a dispute, instead of filing a lawsuit. Even when a lawsuit has been filed, the court can refer the dispute to a neutral before the parties' position harden and the lawsuit becomes costly. ADR has been used to resolve disputes even after a trial, when the result is appealed.

Disadvantages of ADR

ADR may not be suitable for every dispute.

- If ADR is binding, the parties normally give up most court protections, including a decision by a judge or jury under formal rules of evidence and procedure, and review for legal error by an appellate court.**
- There generally is less opportunity to find out about the other side's case with ADR than with litigation. ADR may not be effective if it takes place before the parties have sufficient information to resolve the dispute.**
- The neutral may charge a fee for his or her services.**
- If a dispute is not resolved through ADR, the parties may have to put time and money into both ADR and a lawsuit.**
- Lawsuits must be brought within specified periods of time, known as statutes of limitation. Parties must be careful not to let a statute of limitations run out while a dispute is in an ADR process.**

ALTERNATIVE DISPUTE RESOLUTION PROGRAMS Of the San Francisco Superior Court

"It is the policy of the Superior Court that every noncriminal, nonjuvenile case participate either in an early settlement conference, mediation, arbitration, early neutral evaluation or some other alternative dispute resolution process prior to a mandatory settlement conference or trial."
(Superior Court Local Rule 4)

This guide is designed to assist attorneys, their clients and self-represented litigants in complying with San Francisco Superior Court's alternative dispute resolution ("ADR") policy. Attorneys are encouraged to share this guide with clients. By making informed choices about dispute resolution alternatives, attorneys, their clients and self-represented litigants may achieve a more satisfying resolution of civil disputes.

The San Francisco Superior Court currently offers three ADR programs for general civil matters; each program is described below:

- 1) Judicial Arbitration
- 2) Mediation
- 3) The Early Settlement Program (ESP) in conjunction with the San Francisco Bar Association.

JUDICIAL ARBITRATION

Description:

In arbitration, a neutral "arbitrator" presides at a hearing where the parties present evidence through exhibits and testimony. The arbitrator applies the law to the facts of the case and makes an award based upon the merits of the case. When the Court orders a case to arbitration it is called judicial arbitration. The goal of arbitration is to provide parties with an adjudication that is earlier, faster, less formal, and usually less expensive than a trial. Upon stipulation of all parties, other civil matters may be submitted to judicial arbitration.

Although not currently a part of the Court's ADR program, civil disputes may also be resolved through private arbitration. Here, the parties

voluntarily consent to arbitration. If all parties agree, private arbitration may be binding and the parties give up the right to judicial review of the arbitrator's decision. In private arbitration, the parties select a private arbitrator and are responsible for paying the arbitrator's fees.

Operation

Pursuant to CCP 1141.11 and Local Rule 4, all civil actions in which the amount in controversy is \$50,000 or less, and no party seeks equitable relief, shall be ordered to arbitration. A case is ordered to arbitration after the Case Management Conference. An arbitrator is chosen from the Court's Arbitration Panel. Most cases ordered to arbitration are also ordered to a pre-arbitration settlement conference. Arbitrations are generally held between 7 and 9 months after a complaint has been filed. Judicial arbitration is not binding unless all parties agree to be bound by the arbitrator's decision. Any party may request a court trial within 30 days after the arbitrator's award has been filed.

Cost

There is no cost to the parties for judicial arbitration or for the pre-arbitration settlement conference.

MEDIATION

Description

Mediation is a voluntary, flexible, and confidential process in which a neutral third party "mediator" facilitates negotiations. The goal of mediation is to reach a mutually satisfactory agreement that resolves all or part of the dispute after exploring the significant interests, needs, and priorities of the parties in light of relevant evidence and the law.

Although there are different styles and approaches to mediation, most mediations begin with presentations of each side's view of the case. The mediator's role is to assist the parties in communicating with each other, expressing their interests, understanding the interests of opposing parties, recognizing areas of agreement and generating options for resolution. Through questions, the mediator aids each party in assessing the strengths and weaknesses of their position.

A mediator does not propose a judgment or provide an evaluation of the merits and value of the case. Many attorneys and litigants find that mediation's emphasis on cooperative dispute resolution produces more satisfactory and enduring resolutions. Mediation's non-adversarial approach is particularly effective in disputes in which the parties have a continuing relationship, where there are multiple parties, where equitable relief is sought, or where strong personal feelings exist.

Operation

San Francisco Superior Court Local Court Rule 4 provides three different voluntary mediation programs for civil disputes. An appropriate program is available for all civil cases, regardless of the type of action or type of relief sought.

To help litigants and attorneys identify qualified mediators, the Superior Court maintains a list of mediation providers whose training and experience have been reviewed and approved by the Court. The list of court approved mediation providers can be found at www.sfgov.org/courts. Litigants are not limited to mediators on the court list and may select any mediator agreed upon by all parties. A mediation provider need not be an attorney.

Local Rule 4.2 D allows for mediation in lieu of judicial arbitration, so long as the parties file a stipulation to mediate within 240 days from the date the complaint is filed. If settlement is not reached through mediation, a case proceeds to trial as scheduled.

Private Mediation

The Private Mediation program accommodates cases that wish to participate in private mediation to fulfill the court's alternative dispute resolution requirement. The parties select a mediator, panel of mediators or mediation program of their choice to conduct the mediation. The cost of mediation is borne by the parties equally unless the parties agree otherwise.

Parties in civil cases that have not been ordered to arbitration may consent to private mediation at any point before trial. Parties willing to submit a matter to private mediation should indicate this preference on the Stipulation to Alternative Dispute Resolution form or the Case Management Statement (CM-110). Both forms are attached to this packet.

Mediation Services of the Bar Association of San Francisco

The Mediation Services is a coordinated effort of the San Francisco Superior Court and The Bar Association of San Francisco (BASF) in which a court approved mediator provides three hours of mediation at no charge to the parties. It is designed to afford civil litigants the opportunity to engage in early mediation of a case shortly after filing the complaint, in an effort to resolve the matter before substantial funds are expended on the litigation process. Although the goal of the program is to provide the service at the outset of the litigation, the program may be utilized at anytime throughout the litigation process.

The mediators participating in the program have been pre-approved by BASF pursuant to strict educational and experience requirements.

After the filing of the signed Stipulation to Alternative Dispute Resolution form included in this ADR package the parties will be contacted by BASF. Upon payment of the \$250 per party administration fee, parties select a specific mediator from the list of approved mediation providers or BASF will help them select an appropriate mediator for the matter. The hourly mediator fee beyond the first three hours will vary depending on the mediator selected. Waiver of the administrative fee based on financial hardship is available.

A copy of the Mediation Services rules can be found on the BASF website at www.sfbar.org/mediation or you may call BASF at 415-982-1600.

Judicial Mediation

The Judicial Mediation program is designed to provide early mediation of complex cases by volunteer judges of the San Francisco Superior Court. Cases considered for the program include construction defect, employment discrimination, professional malpractice, insurance coverage, toxic torts and industrial accidents.

Parties interested in judicial mediation should file the Stipulation to Alternative Dispute Resolution form attached to this packet indicating a joint request for inclusion in the program. A preference for a specific judge may be indicated. The court Alternative Dispute Resolution Coordinator will coordinate assignment of cases that qualify for the program.

Cost

Generally, the cost of Private Mediation ranges from \$100 per hour to \$800 per hour and is shared equally by the parties. Many mediators are willing to adjust their fees depending upon the income and resources of the parties. Any party who meets certain eligibility requirements may ask the court to appoint a mediator to serve at no cost to the parties.

The Mediation Services of the Bar Association of San Francisco provides three hours of mediation time at no cost with a \$250 per party administrative fee.

There is no charge for participation in the Judicial Mediation program.

EARLY SETTLEMENT PROGRAM

Description

The Bar Association of San Francisco, in cooperation with the Court, offers an Early Settlement Program ("ESP") as part of the Court's settlement conference calendar. The goal of early settlement is to provide participants an opportunity to reach a mutually acceptable settlement that resolves all or part of the dispute. The two-member volunteer attorney panel reflects a balance between plaintiff and defense attorneys with at least 10 years of trial experience.

As in mediation, there is no set format for the settlement conference. A conference typically begins with a brief meeting with all parties and counsel, in which each is given an opportunity to make an initial statement. The panelists then assist the parties in understanding and candidly discussing the strengths and weaknesses of the case. The Early Settlement Conference is considered a "quasi-judicial" proceeding and, therefore, is not entitled to the statutory confidentiality protections afforded to mediation.

Operation

Civil cases enter the ESP either voluntarily or through assignment by the Court. Parties who wish to choose the early settlement process should indicate this preference on the status and setting conference statement.

If the Court assigns a matter to the ESP, parties may consult the ESP program materials accompanying the "Notice of the Early Settlement Conference" for information regarding removal from the program.

Participants are notified of their ESP conference date approximately 4 months prior to trial. The settlement conference is typically held 2 to 3 months prior to the trial date. The Bar Association's ESP Coordinator informs the participants of names of the panel members and location of the settlement conference approximately 2 weeks prior to the conference date.

Local Rule 4.3 sets out the requirements of the ESP. All parties to a case assigned to the ESP are required to submit a settlement conference statement prior to the conference. All parties, attorneys who will try the case, and insurance representatives with settlement authority are required to attend the settlement conference. If settlement is not reached through the conference, the case proceeds to trial as scheduled.

Cost

All parties must submit a \$250 generally non-refundable administrative fee to the Bar Association of San Francisco. Parties who meet certain eligibility requirements may request a fee waiver. For more information, please contact the ESP Coordinator at (415) 782-9000 ext. 8717.

For further information about San Francisco Superior Court ADR programs or dispute resolution alternatives, please contact:

**Superior Court Alternative Dispute Resolution,
400 McAllister Street, Room 103
San Francisco, CA 94102
(415) 551-3876**

or visit the Superior Court Website at
http://sfgov.org/site/courts_page.asp?id=3672

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN FRANCISCO**

400 McAllister Street, San Francisco, CA 94102-4514

Plaintiff

Defendant

Case No. _____

**STIPULATION TO ALTERNATIVE
DISPUTE RESOLUTION**

The parties hereby stipulate that this action shall be submitted to the following alternative dispute resolution process:

- | | | |
|---|---|---|
| <input type="checkbox"/> Private Mediation | <input type="checkbox"/> Mediation Services of BASF | <input type="checkbox"/> Judicial Mediation |
| <input type="checkbox"/> Binding arbitration | | Judge _____ |
| <input type="checkbox"/> Non-binding judicial arbitration | | Judge _____ |
| <input type="checkbox"/> BASF Early Settlement Program | | |
| <input type="checkbox"/> Other ADR process (describe) _____ | | |

Plaintiff(s) and Defendant(s) further agree as follows:

Name of Party Stipulating	Name of Party or Attorney Executing Stipulation	Signature of Party or Attorney
---------------------------	---	--------------------------------

<input type="checkbox"/> Plaintiff	<input type="checkbox"/> Defendant	<input type="checkbox"/> Cross-defendant	Dated: _____
------------------------------------	------------------------------------	--	--------------

Name of Party Stipulating	Name of Party or Attorney Executing Stipulation	Signature of Party or Attorney
---------------------------	---	--------------------------------

<input type="checkbox"/> Plaintiff	<input type="checkbox"/> Defendant	<input type="checkbox"/> Cross-defendant	Dated: _____
------------------------------------	------------------------------------	--	--------------

Name of Party Stipulating	Name of Party or Attorney Executing Stipulation	Signature of Party or Attorney
---------------------------	---	--------------------------------

<input type="checkbox"/> Plaintiff	<input type="checkbox"/> Defendant	<input type="checkbox"/> Cross-defendant	Dated: _____
------------------------------------	------------------------------------	--	--------------

Additional signature(s) attached

CM-110

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):		FOR COURT USE ONLY		
TELEPHONE NO.:		FAX NO. (Optional):		
E-MAIL ADDRESS (Optional):				
ATTORNEY FOR (Name):				
SUPERIOR COURT OF CALIFORNIA, COUNTY OF				
STREET ADDRESS:				
MAILING ADDRESS:				
CITY AND ZIP CODE:				
BRANCH NAME:				
PLAINTIFF/PETITIONER:				
DEFENDANT/RESPONDENT:				
CASE MANAGEMENT STATEMENT		CASE NUMBER:		
(Check one):	<input type="checkbox"/> UNLIMITED CASE (Amount demanded exceeds \$25,000)	<input type="checkbox"/> LIMITED CASE (Amount demanded is \$25,000 or less)		
A CASE MANAGEMENT CONFERENCE is scheduled as follows:				
Date:	Time:	Dept.:	Div.:	Room:
Address of court (if different from the address above):				
<input type="checkbox"/> Notice of Intent to Appear by Telephone, by (name):				

INSTRUCTIONS: All applicable boxes must be checked, and the specified information must be provided.

1. **Party or parties (answer one):**
 - a. This statement is submitted by party (name):
 - b. This statement is submitted jointly by parties (names):
2. **Complaint and cross-complaint (to be answered by plaintiffs and cross-complainants only)**
 - a. The complaint was filed on (date):
 - b. The cross-complaint, if any, was filed on (date):
3. **Service (to be answered by plaintiffs and cross-complainants only)**
 - a. All parties named in the complaint and cross-complaint have been served, or have appeared, or have been dismissed.
 - b. The following parties named in the complaint or cross-complaint
 - (1) have not been served (specify names and explain why not):
 - (2) have been served but have not appeared and have not been dismissed (specify names):
 - (3) have had a default entered against them (specify names):
 - c. The following additional parties may be added (specify names, nature of involvement in case, and the date by which they may be served):
4. **Description of case**
 - a. Type of case in complaint cross-complaint (Describe, including causes of action):

CM-110

PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

4. b. Provide a brief statement of the case, including any damages. (If personal injury damages are sought, specify the injury and damages claimed, including medical expenses to date [indicate source and amount], estimated future medical expenses, lost earnings to date, and estimated future lost earnings. If equitable relief is sought, describe the nature of the relief.)

(If more space is needed, check this box and attach a page designated as Attachment 4b.)

5. Jury or nonjury trial

The party or parties request a jury trial a nonjury trial. (If more than one party, provide the name of each party requesting a jury trial):

6. Trial date

- The trial has been set for (date):
- No trial date has been set. This case will be ready for trial within 12 months of the date of the filing of the complaint (if not, explain):

c. Dates on which parties or attorneys will not be available for trial (specify dates and explain reasons for unavailability):

7. Estimated length of trial

The party or parties estimate that the trial will take (check one):

- days (specify number):
- hours (short causes) (specify):

8. Trial representation (to be answered for each party)

The party or parties will be represented at trial by the attorney or party listed in the caption by the following:

- Attorney:
- Firm:
- Address:
- Telephone number:
- Fax number:
- E-mail address:
- Party represented:

Additional representation is described in Attachment 8.

9. Preference

This case is entitled to preference (specify code section):

10. Alternative Dispute Resolution (ADR)

- Counsel has has not provided the ADR information package identified in rule 3.221 to the client and has reviewed ADR options with the client.
- All parties have agreed to a form of ADR. ADR will be completed by (date):
- The case has gone to an ADR process (indicate status):

CM-110

PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

10. d. The party or parties are willing to participate in (check all that apply):

- (1) Mediation
- (2) Nonbinding judicial arbitration under Code of Civil Procedure section 1141.12 (discovery to close 15 days before arbitration under Cal. Rules of Court, rule 3.822)
- (3) Nonbinding judicial arbitration under Code of Civil Procedure section 1141.12 (discovery to remain open until 30 days before trial; order required under Cal. Rules of Court, rule 3.822)
- (4) Binding judicial arbitration
- (5) Binding private arbitration
- (6) Neutral case evaluation
- (7) Other (specify):

e. This matter is subject to mandatory judicial arbitration because the amount in controversy does not exceed the statutory limit.

f. Plaintiff elects to refer this case to judicial arbitration and agrees to limit recovery to the amount specified in Code of Civil Procedure section 1141.11.

g. This case is exempt from judicial arbitration under rule 3.811 of the California Rules of Court (specify exemption):

11. Settlement conference

The party or parties are willing to participate in an early settlement conference (specify when):

12. Insurance

a. Insurance carrier, if any, for party filing this statement (name):

b. Reservation of rights: Yes No

c. Coverage issues will significantly affect resolution of this case (explain):

13. Jurisdiction

Indicate any matters that may affect the court's jurisdiction or processing of this case, and describe the status.

Bankruptcy Other (specify):

Status:

14. Related cases, consolidation, and coordination

a. There are companion, underlying, or related cases.

(1) Name of case:

(2) Name of court:

(3) Case number:

(4) Status:

Additional cases are described in Attachment 14a.

b. A motion to consolidate coordinate will be filed by (name party):

15. Bifurcation

The party or parties intend to file a motion for an order bifurcating, severing, or coordinating the following issues or causes of action (specify moving party, type of motion, and reasons):

16. Other motions

The party or parties expect to file the following motions before trial (specify moving party, type of motion, and issues):

CM-110

PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

17. Discovery

- a. The party or parties have completed all discovery.
- b. The following discovery will be completed by the date specified (*describe all anticipated discovery*):

<u>Party</u>	<u>Description</u>	<u>Date</u>
--------------	--------------------	-------------

- c. The following discovery issues are anticipated (*specify*):

18. Economic litigation

- a. This is a limited civil case (i.e., the amount demanded is \$25,000 or less) and the economic litigation procedures in Code of Civil Procedure sections 90 through 98 will apply to this case.
- b. This is a limited civil case and a motion to withdraw the case from the economic litigation procedures or for additional discovery will be filed (*if checked, explain specifically why economic litigation procedures relating to discovery or trial should not apply to this case*):

19. Other issues

- The party or parties request that the following additional matters be considered or determined at the case management conference (*specify*):

20. Meet and confer

- a. The party or parties have met and conferred with all parties on all subjects required by rule 3.724 of the California Rules of Court (*if not, explain*):
- b. After meeting and conferring as required by rule 3.724 of the California Rules of Court, the parties agree on the following (*specify*):

21. Total number of pages attached (*if any*): _____

I am completely familiar with this case and will be fully prepared to discuss the status of discovery and ADR, as well as other issues raised by this statement, and will possess the authority to enter into stipulations on these issues at the time of the case management conference, including the written authority of the party where required.

Date:

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

Additional signatures are attached.



Superior Court of California County of San Francisco



HON. JAMES J. MCBRIDE
PRESIDING JUDGE

Judicial Mediation Program

JENIFFER B. ALCANTARA
ADR ADMINISTRATOR

The Judicial Mediation program offers mediation in civil litigation with a San Francisco Superior Court judge familiar with the area of the law that is the subject of the controversy. Cases that will be considered for participation in the program include, but are not limited to personal injury, professional malpractice, construction, employment, insurance coverage disputes, mass torts and complex commercial litigation. Judicial Mediation offers civil litigants the opportunity to engage in early mediation of a case shortly after filing the complaint in an effort to resolve the matter before substantial funds are expended. This program may also be utilized at anytime throughout the litigation process. The panel of judges currently participating in the program includes:

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The Honorable Curtis Karnow
The Honorable Charlene P. Kiesselbach
The Honorable Tomar Mason
The Honorable Anne-Christine Massullo
The Honorable Ronald Quidachay

The Honorable A. James Robertson, II
The Honorable Jeffrey S. Ross
The Honorable Lillian Sing
The Honorable John K. Stewart
The Honorable Richard Ulmer
The Honorable Monica F. Wiley
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Federal Home Loan Bank of San Francisco
13

14 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
15 IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO
16

17 FEDERAL HOME LOAN BANK OF SAN
FRANCISCO,

No. CGC-10-497840

18 Plaintiff,

FIRST AMENDED COMPLAINT FOR
RESCISSON AND DAMAGES FOR:

19 V.
20 CREDIT SUISSE SECURITIES (USA) LLC,
F/K/A CREDIT SUISSE FIRST BOSTON
LLC;
21 CREDIT SUISSE FIRST BOSTON
MORTGAGE SECURITIES CORP.;
DEUTSCHE BANK SECURITIES, INC.;
DEUTSCHE ALT-A SECURITIES, INC.;
J.P. MORGAN SECURITIES, INC., F/K/A
BEAR STEARNS & CO., INC.;
STRUCTURED ASSET MORTGAGE
INVESTMENTS II, INC.;
22 THE BEAR STEARNS COMPANIES, LLC,
F/K/A THE BEAR STEARNS COMPANIES,
INC.;
23 RBS SECURITIES, INC., F/K/A
GREENWICH CAPITAL MARKETS, INC.;

- (1) VIOLATIONS OF §§ 25401 AND
25501 OF THE CALIFORNIA
CORPORATE SECURITIES ACT;

(2) VIOLATIONS OF §§ 11 AND 15 OF
THE SECURITIES ACT OF 1933;

(3) VIOLATIONS OF §§ 12(8)(2) AND
15 OF THE SECURITIES ACT OF
1933;

(4) VIOLATIONS OF §§ 1572 AND 1710
OF THE CALIFORNIA CIVIL
CODE (NEGLIGENT
MISREPRESENTATION); and

1 RBS ACCEPTANCE, INC. F/K/A
2 GREENWICH CAPITAL ACCEPTANCE,
3 INC.;
4 MORGAN STANLEY & CO.
5 INCORPORATED;
6 UBS SECURITIES, LLC;
7 MORTGAGE ASSET SECURITIZATION
8 TRANSACTIONS, INC.;
9 BANC OF AMERICA SECURITIES LLC;
10 BANC OF AMERICA FUNDING
11 CORPORATION;
12 BANC OF AMERICA MORTGAGE
13 SECURITIES, INC.;
14 COUNTRYWIDE SECURITIES
15 CORPORATION;
16 CWALT, INC.;
17 COUNTRYWIDE FINANCIAL
18 CORPORATION; AND,
19 DOES 1-50,

20 Defendants.

21 **(5) RESCISSION OF CONTRACTS
22 UNDER § 1689 ET SEQ. OF THE
23 CALIFORNIA CIVIL CODE**

24 Plaintiff, FEDERAL HOME LOAN BANK OF SAN FRANCISCO (referred to in this
25 complaint as the **Bank**) complains of defendants and for causes of action alleges as follows:

26 **NATURE OF THIS ACTION**

27 1. This is an action for rescission and damages as a result of the violation by the
28 Defendants of the California Corporate Securities Act, the California Civil Code, the federal
Securities Act of 1933, and the common law. As alleged in detail below, the Defendants sold or
issued to the Bank 95 certificates in 78 securitization trusts backed by residential mortgage loans.
The Bank paid more than \$13.5 billion for those certificates. When they offered and then sold
these certificates to the Bank, the Defendants made numerous statements to the Bank about the
certificates and the credit quality of the mortgage loans that backed them. Many of those
statements were untrue as to material facts. Moreover, the Defendants omitted to state many
material facts that were necessary in order to make their statements not misleading. For example,
the Defendants made untrue statements, or omitted important information, about such material
facts as the Loan-to-Value ratios of the mortgage loans, the number of borrowers who did not live
in the houses that secured their loans (that is, the number of properties that were not primary

1 residences), and the extent to which the entities that made the loans departed from their own
 2 standards in doing so.

3 2. Defendants made such untrue or misleading statements about at least the following
 4 numbers of the loans in each of the 78 securitizations.

Securitization No.	Number of Loans About Which Defendants Made Material Untrue or Misleading Statements	Number of Loans in the Securitization	Percentage of Loans About Which Defendants Made Material Untrue or Misleading Statements
1	2,198	4,345	50.6%
2	1,149	3,139	36.6%
3	662	3,633	18.2%
4	1,380	2,531	54.5%
5	557	2,934	19.0%
6	1,725	4,186	41.2%
7	1,401	3,026	46.3%
8	1,132	1,728	65.5%
9	2,146	4,463	48.1%
10	1,525	3,976	38.4%
11	518	963	53.8%
12	1,839	2,862	64.3%
13	10,909	24,129	45.2%
14	1,461	3,328	43.9%
15	183	2,060	8.9%
16	1,315	2,758	47.7%
17	1,941	5,929	32.7%
18	3,441	7,330	47.0%
19	1,982	4,274	46.4%
20	1,667	3,422	48.7%
21	1,061	1,962	54.1%
22	200	404	49.5%
23	2,160	4,403	49.1%
24	2,846	6,683	42.6%
25	2,078	4,983	41.7%
26	1,160	2,837	40.9%

Securitization No.	Number of Loans About Which Defendants Made Material Untrue or Misleading Statements	Number of Loans in the Securitization	Percentage of Loans About Which Defendants Made Material Untrue or Misleading Statements
27	1,299	2,651	49.0%
28	2,384	6,544	36.4%
29	2,396	6,450	37.2%
30	2,057	5,522	37.3%
31	2,272	6,480	35.1%
32	923	1,496	61.7%
33	2,348	8,075	29.1%
34	1,509	2,438	61.9%
35	3,096	5,001	61.9%
36	824	1,336	61.7%
37	1,737	6,391	27.2%
38	541	1,323	40.9%
39	1,867	4,779	39.1%
40	3,094	4,781	69.7%
41	2,418	6,357	38.0%
42	2,025	4,508	44.9%
43	2,281	7,343	31.1%
44	2,868	8,138	35.2%
45	1,508	3,090	48.8%
46	2,241	4,833	46.4%
47	923	1,941	47.6%
48	602	1,355	44.4%
49	1,235	2,539	48.6%
50	1,086	1,567	69.3%
51	515	1,064	48.4%
52	1,002	2,046	49.0%
53	1,044	3,339	31.3%
54	768	1,346	57.1%
55	1,289	2,835	45.5%
56	1,777	2,535	70.1%
57	2,018	3,914	51.6%
58	1,651	3,420	48.8%

Securitization No.	Number of Loans About Which Defendants Made Material Untrue or Misleading Statements	Number of Loans in the Securitization	Percentage of Loans About Which Defendants Made Material Untrue or Misleading Statements
59	902	1,804	50.0%
60	871	1,338	65.1%
61	1,073	1,549	69.3%
62	543	1,231	44.1%
63	3,615	7,007	51.6%
64	966	3,478	27.8%
65	1,038	2,411	43.1%
66	805	3,053	26.4%
67	666	2,566	26.%
68	1,703	2,399	71.0%
69	475	1,353	35.1%
70	302	1,824	16.6%
71	1,474	2,630	56.1%
72	303	2,027	15.0%
73	1,280	2,422	52.9%
74	1,505	2,869	52.5%
75	1,462	3,307	44.2%
76	943	2,000	47.2%
77	2,642	4,236	62.4%
78	655	2,097	31.2%

The Bank is informed and believes, and based thereon alleges, that even more mortgage loans than those listed in the table above were the subject of untrue or misleading statements by the Defendants.¹

3. The certificates are "securities" within the meaning of the California Corporate Securities Act and the Securities Act of 1933. Under those Acts, the California Civil Code, and the common law, the Bank is entitled to rescind its purchase of the certificates or to be paid damages for its losses on the certificates.

¹ Allegations pled on information and belief are likely to have evidentiary support after a reasonable opportunity for further investigation and discovery.

1 4. Eight securities dealers sold these certificates to the Bank. The eight dealers are
2 Defendants Credit Suisse Securities (USA) LLC (which sold to the Bank certificates in 10
3 securitization trusts, which are referred to in this complaint as Securitizations Nos. 1 through 10),
4 Deutsche Bank Securities, Inc. (21 securitizations, Nos. 11 through 31), Bear Stearns & Co. Inc.
5 (10 securitizations, Nos. 32 through 41), Greenwich Capital Markets, Inc. (three securitizations,
6 Nos. 42 through 44), Morgan Stanley & Co. Inc. (three securitizations, Nos. 45 through 47), UBS
7 Securities, LLC (12 securitizations, Nos. 48 through 59), Banc of America Securities LLC (14
8 securitizations, Nos. 60 through 73), and Countrywide Securities Corporation (five
9 securitizations, Nos. 74 through 78). The other Defendants named in this complaint are liable to
10 the Bank because they were the issuers of some of those certificates or because they controlled
11 one of those issuers.

PARTIES

13 5. Plaintiff is a bank created by the Federal Home Loan Bank Act. The headquarters
14 of the Bank are in the City and County of San Francisco. Under its Organization Certificate, the
15 Bank is to operate in Federal Home Loan Bank District 11, which comprises the States of
16 Arizona, California, and Nevada. The Bank does operate in each of those three States.

17 6. Defendant Credit Suisse Securities (USA) LLC (formerly known as Credit Suisse
18 First Boston LLC and referred to as Credit Suisse) is a limited liability company organized under
19 the laws of Delaware. Credit Suisse sold the Bank 10 of the certificates.

20 7. Defendant Credit Suisse First Boston Mortgage Securities Corp. (referred to as
21 **CSFB Mortgage Securities**) is a corporation organized under the laws of Delaware. CSFB
22 Mortgage Securities was the issuer of five of the certificates that Credit Suisse sold to the Bank.

23 8. Defendant Deutsche Bank Securities, Inc. (referred to as Deutsche) is a
24 corporation organized under the laws of Delaware. Deutsche sold the Bank 21 of the certificates.

25 9. Defendant Deutsche Alt-A Securities, Inc. (referred to as Deutsche Alt-A) is a
26 corporation organized under the laws of Delaware. Deutsche Alt-A was the issuer of five of the
27 certificates that Deutsche sold to the Bank.

1 10. Defendant J.P. Morgan Securities, Inc. (formerly known as Bear, Stearns & Co.
2 Inc. and referred to as **Bear Stearns**) is a corporation organized under the laws of Delaware. Bear
3 Stearns sold the Bank 10 of the certificates.

4 11. Defendant Structured Asset Mortgage Investments II, Inc. (referred to as **SAMI II**)
5 is a corporation organized under the laws of Delaware. SAMI II was the issuer of six of the
6 certificates that Bear Stearns sold to the Bank.

7 12. Defendant The Bear Stearns Companies, LLC (formerly known as and referred to
8 as **The Bear Stearns Companies, Inc.**) is a limited liability company organized under the laws
9 of Delaware. The Bank is informed and believes, and based thereon alleges, that SAMI II existed
10 for no purpose other than to receive and deposit loans into the trusts. The Bear Stearns
11 Companies, Inc. controls or controlled SAMI II. Under Section 15 of the Securities Act of 1933,
12 15 U.S.C. §77o, The Bear Stearns Companies, Inc. therefore is liable to the Bank jointly and
13 severally with, and to the same extent as, SAMI II.

14 13. Defendant RBS Securities, Inc. (formerly known as Greenwich Capital Markets,
15 Inc. and referred to as **Greenwich Capital**) is a corporation organized under the laws of
16 Delaware. Greenwich Capital sold the Bank three of the certificates.

17 14. Defendant RBS Acceptance, Inc. (formerly known as Greenwich Capital
18 Acceptance, Inc. and referred to as **Greenwich Capital Acceptance**) is a corporation organized
19 under the laws of Delaware. Greenwich Capital Acceptance was the issuer of one of the
20 certificates that Greenwich Capital sold to the Bank.

21 15. Defendant Morgan Stanley & Co. Incorporated (referred to as **Morgan Stanley**) is
22 a corporation organized under the laws of Delaware. Morgan Stanley sold the Bank three of the
23 certificates.

24 16. Defendant UBS Securities, LLC (referred to as **UBS**) is a limited liability company
25 organized under the laws of Delaware. UBS sold the Bank 12 of the certificates.

26 17. Defendant Mortgage Asset Securitization Transactions, Inc. (referred to as **MAST**)
27 is a corporation organized under the laws of Delaware. MAST was the issuer of six of the
28 certificates that UBS sold to the Bank.

1 18. Defendant Banc of America Securities LLC (referred to as **Banc of America**) is a
 2 limited liability company organized under the laws of Delaware. Banc of America sold the Bank
 3 14 of the certificates.

4 19. Defendant Banc of America Funding Corporation (referred to as **Banc of America**
 5 **Funding**) is a corporation organized under the laws of Delaware. Banc of America Funding was
 6 the issuer of six of the certificates that Banc of America sold to the Bank.

7 20. Defendant Banc of America Mortgage Securities, Inc. (referred to as **Banc of**
 8 **America Mortgage Securities**) is a corporation organized under the laws of Delaware. Banc of America
 9 Mortgage Securities was the issuer of seven of the certificates that Banc of America sold
 10 to the Bank.

11 21. Defendant Countrywide Securities Corporation (referred to as **Countrywide**) is a
 12 corporation organized under the laws of California. Countrywide sold the Bank five of the
 13 certificates.

14 22. Defendant CWALT, Inc. (referred to as **CWALT**) is a corporation organized
 15 under the laws of Delaware. CWALT was the issuer of three of the certificates that Credit Suisse
 16 sold to the Bank, 15 of the certificates that Deutsche sold to the Bank, one of the certificates that
 17 Bear Stearns sold to the Bank, two of the certificates that Greenwich Capital Markets sold to the
 18 Bank, three of the certificates that Morgan Stanley sold to the Bank, six of the certificates that
 19 UBS sold to the Bank, one of the certificates that Banc of America sold to the Bank, and four of
 20 the certificates that Countrywide sold to the Bank.

21 23. Defendant Countrywide Financial Corporation is a corporation organized under
 22 the laws of Delaware. The Bank is informed and believes, and based thereon alleges, that
 23 CWALT existed for no purpose other than to receive and deposit loans into the trusts.
 24 Countrywide Financial Corporation controls or controlled CWALT. Under Section 15 of the
 25 Securities Act Countrywide Financial Corporation therefore is liable to the Bank jointly and
 26 severally with, and to the same extent as, CWALT.

27 24. Plaintiff is ignorant of the true names and capacities of Defendants sued herein as
 28 Does 1-50, inclusive, and therefore sues these Defendants by such fictitious names. Plaintiff will

1 amend this complaint to allege the true names and capacities of these Defendants when
 2 ascertained. Plaintiff is informed and believes that each of the fictitiously named Defendants
 3 is responsible in some manner for the occurrences alleged herein and proximately caused the
 4 Bank's damages.

5 JURISDICTION AND VENUE

6 25. This action is an unlimited civil case within the meaning of California Code of
 7 Civil Procedure section 88, in that, *inter alia*, the amount in controversy (as defined in California
 8 Code of Civil Procedure section 85(a)) exceeds 25 thousand dollars (\$25,000). This Court has
 9 subject-matter jurisdiction of the Bank's causes of action for rescission under Sections 25401 and
 10 25501 of the California Corporate Securities Act, damages for negligent misrepresentation, and
 11 rescission of its contracts to purchase the certificates. Under Section 22(a) of the Securities Act of
 12 1933, 15 U.S.C. § 77v(a), this Court also has jurisdiction over the Bank's causes of action for
 13 violation of Sections 11, 12(a)(2), and 15 of that Act, 15 U.S.C. §§ 77k, 77l(a)(2), and 77o.

14 26. Under Section 22(a) of the Securities Act, "no case arising under this title and
 15 brought in any State court of competent jurisdiction shall be removed to any court of the United
 16 States." Because its activities are not localized in one state, the Bank is not a citizen of any state
 17 under 28 U.S.C. § 1332(c), so the Federal courts have no jurisdiction of this action under 28
 18 U.S.C. § 1332(a). This action is not removable to Federal court.

19 27. Credit Suisse, Deutsche, Bear Stearns, Greenwich Capital, Morgan Stanley, UBS,
 20 Banc of America, Countrywide, and CWALT are subject to personal jurisdiction in California
 21 because each of them is registered to do business, and does business, in California. All of the
 22 Defendants are subject to personal jurisdiction in California because they offered and sold or
 23 controlled persons that offered and sold the certificates to the Bank "in California" within the
 24 meaning of Section 25008 of the California Corporate Securities Act.

25 28. Venue is proper in this County because, among other reasons, the Defendants
 26 offered and sold the certificates to the Bank in this County and because the violations of law
 27 alleged in this complaint, including the making of material untrue or misleading statements,
 28 occurred in this County.

SECURITIZATION OF MORTGAGE LOANS

29. The securities that the Defendants sold the Bank are so-called **residential mortgage-backed securities**, or **RMBS**, created in a process known as **securitization**. Securitization begins with loans on which the borrowers are to make payments, usually monthly. The entity that makes the loans is known as the **originator** of the loans. The process by which the originator decides whether to make particular loans is known as the **underwriting** of loans. The purpose of underwriting is to ensure that loans are made only to borrowers of sufficient credit standing to repay them and only against sufficient collateral. In the loan underwriting process, the originator applies its **underwriting standards**.

30. In general, residential mortgage lenders may hold some of the mortgage loans they originate in their own portfolio and may sell other mortgage loans they originate into securitizations.

31. In a securitization, a large number of loans, usually of a similar type, are grouped into a **collateral pool**. The originator of those loans sells them (and, with them, the right to receive the cash flow from them) to a **trust**. The trust pays the originator cash for the loans. The trust raises the cash to pay for the loans by selling **bonds**, usually called **certificates**, to investors such as the Bank. Each certificate entitles its holder to an agreed part of the cash flow from the loans in the collateral pool.

32. In a simple securitization, the holder of each certificate is entitled to a *pro rata* part of the overall monthly cash flow from the loans in the collateral pool.

33. In a more complex securitization, the cash flow is divided into different parts, usually called **tranches** ("tranche" is "slice" in French), and the certificates are divided into different classes, each with different rights. Each class of certificates is entitled to the cash flow in the tranche corresponding to that class.

34. One way in which the cash flow is divided — and the rights of different classes of certificates distinguished — is by priority of payment or, put differently, risk of nonpayment. The most senior class of certificates usually is entitled to be paid in full before the next most senior class, and so on. Conversely, losses from defaults in payment of the loans in the collateral pool

are allocated first to the most subordinate class of certificates, then to the class above that, and so on. The interest rate on each class of certificates is usually proportional to the amount of risk that that class bears; the most senior certificates bear the least risk and thus pay the lowest rate of interest, the most subordinate, the opposite. This hierarchy of rights to payment is referred to as the waterfall.

6 35. The risk of a particular class of certificate is a function of both the riskiness of the
7 loans in the collateral pool and the seniority of that class in the waterfall. Even if the underlying
8 loans are quite risky, the senior classes of certificates may bear so little of that risk that they may
9 be rated triple-A. (According to Moody's, "[o]bligations rated Aaa are judged to be of the highest
10 quality, with minimal credit risk.") For example, assume a securitization of \$100 million of risky
11 loans, on which the historical loss rate is 5%. Assume that there are two classes of certificates, a
12 senior class of \$50 million and a subordinate class of \$50 million. Even though the underlying
13 loans are quite risky, the senior class of certificates would be paid in full as long as the \$100
14 million of loans produced payments of at least \$50 million plus interest, that is, unless the loss
15 rate on those loans exceeded 50%, fully 10 times the historical average.

16 36. All of the certificates referred to in this complaint were senior certificates that
17 were rated triple-A when the Bank purchased them.

19 37. Each securitization has a **sponsor**, the prime mover of the securitization.
20 Sometimes the sponsor is the originator or an affiliate. In originator-sponsored securitizations, the
21 collateral pool usually contains loans made by the originator that is sponsoring the securitization.
22 Other times, the sponsor may be an investment bank, which purchases loans from one or more
23 originators, aggregates them into a collateral pool, sells them to a trust, and securitizes them. The
24 sponsor arranges for title to the loans to be transferred to an entity known as the **depositor**, which
25 then transfers title to the loans to the trust.

38. The obligor of the certificates in a securitization is the trust that purchases the
loans in the collateral pool. Because a trust has few assets other than the loans that it purchased, it

1 may not be able to satisfy the liabilities of an issuer of securities (the certificates). The law
2 therefore treats the depositor as the issuer of a residential mortgage-backed certificate.

3 *

4 39. **Securities dealers**, like eight of the Defendants, play a critical role in the process
5 of securitization. They underwrite the sale of the certificates, that is, they purchase the certificates
6 from the trust and then sell them to investors. Equally important, securities underwriters provide
7 to potential investors the information that they need to decide whether to purchase certificates.

8 40. Because the cash flow from the loans in the collateral pool of a securitization is the
9 source of funds to pay the holders of the certificates issued by the trust, the credit quality of those
10 certificates is dependent upon the credit quality of the loans in the collateral pool (and upon the
11 place of each certificate in the waterfall). The most important information about the credit quality
12 of those loans is contained in the files that the originator develops while making the loans, the so-
13 called loan files. For residential mortgage loans, each loan file normally contains comprehensive
14 information from such important documents as the borrower's application for the loan, credit
15 reports on the borrower, and an appraisal of the property that will secure the loan. The loan file
16 also includes notes from the person who underwrote the loan about whether and how the loan
17 complied with the originator's underwriting standards, including documentation of any
18 "compensating factors" that justified any departure from those standards.

19 41. Potential investors in certificates are not given access to loan files. Instead, the
20 securities dealers that underwrite the sale of the certificates in a securitization are responsible for
21 gathering, verifying, and presenting to potential investors the information about the credit quality
22 of the loans that will be deposited into the trust. They do so by using information about the loans,
23 which has been compiled into a database known as a **loan tape**. The securities dealers use the
24 loan tape to compile numerous statistics about the loans, which are presented to potential
25 investors in a **prospectus supplement**, a disclosure document that the dealers are required to file
26 with the Securities and Exchange Commission.

27
28

1 42. As alleged in detail below, the information that the Defendants presented to the
2 Bank about the credit quality of the loans in the collateral pools of the trusts contained many
3 statements that were material to the credit quality of those loans, but were untrue or misleading.

TOLLING OF THE STATUTE OF LIMITATIONS

5 43. The Bank is a member of the proposed classes in *Luther v. Countrywide Financial*
6 *Corporation*, Superior Court for the State of California County of Los Angeles No. BC 380698,
7 filed on November 11, 2007, *New Jersey Carpenters Health Fund v. Residential Capital LLC*,
8 United States District Court for the Southern District of New York No. 08-cv-8781, filed on
9 September 22, 2008, and *New Jersey Carpenters Health Fund v. Bear Stearns Mortgage Funding*
10 *Trust 2006-ARI*, United States District Court for the Southern District of New York No. 08-cv-
11 08093, filed on August 20, 2008, the pendency of which actions has tolled the running of the
12 statute of limitations on causes of action alleged in this complaint.

THE SALES OF THE CERTIFICATES

14 44. The Defendants sold to the Bank 95 certificates in Securitizations Nos. 1 through
15 78. Details of each trust and each certificate are stated in Item 44 of Schedules 1 through 78 of
16 this complaint, which correspond to Securitizations Nos. 1 through 78. The Bank incorporates
17 into this paragraph 44, and alleges as though fully set forth in this paragraph, the contents of Item
18 44 of the schedules.

DEFENDANTS' MATERIAL UNTRUE OR MISLEADING STATEMENTS ABOUT THE CERTIFICATES

21 45. In connection with their offers and sales of the certificates to the Bank, each of the
22 nine dealer Defendants sent numerous documents to the Bank at its office in San Francisco. For
23 each certificate, these documents included a term sheet (or its equivalent), the prospectus
24 supplement for the certificates that was filed with the SEC, drafts of some of the statistical tables
25 to be included in the prospectus supplement, and a computer model of the financial structure of
26 the securitization. In each of these documents, each dealer made statements of material fact about

1 the certificate that it offered and sold to the Bank.² A true copy of the prospectus supplement for
 2 each securitization is available from the Securities and Exchange Commission's website.³

3 46. Many of the statements of material fact that each dealer made in these documents
 4 were untrue or misleading. These untrue or misleading statements included the following.

5 **I. Untrue or Misleading Statements About the Loan-to-Value Ratios (LTVs) of the**
 6 **Mortgage Loans, and the Appraisals of the Properties, in the Collateral Pools**

7 **A. LTVs**

8 **1. The materiality of LTVs**

9 47. The loan-to-value ratio of a mortgage loan, or LTV, is the ratio of the amount of
 10 the mortgage loan to the lower of the appraised value or the sale price of the mortgaged property
 when the loan is made. For example, a loan of \$300,000 secured by property valued at \$500,000
 12 has an LTV of 60%; a loan of \$450,000 on the same property has an LTV of 90%. LTV is one of
 13 the most crucial measures of the risk of a mortgage loan, and the LTVs of the mortgage loans in
 14 the collateral pool of a securitization are therefore one of the most crucial measures of the risk of
 15 certificates sold in that securitization. LTV is a primary determinant of the likelihood of default.
 16 The lower the LTV, the lower the likelihood of default. For example, the lower the LTV, the less
 17 likely it is that a decline in the value of the property will wipe out the owner's equity, and thereby
 18 give the owner an incentive to stop making mortgage payments and abandon the property, a so-
 19 called strategic default. LTV is also a primary determinant of the severity of losses for those loans
 20 that do default. The lower the LTV, the lower the severity of losses on those loans that do default.
 21 Loans with lower LTVs provide greater "cushion," thereby increasing the likelihood that the
 22 proceeds of foreclosure will cover the unpaid balance of the mortgage loan.

23 48. Beyond these fundamental effects on the likelihood and severity of default, LTVs
 24 also affect prepayment patterns (that is, the number of borrowers who pay off their mortgage

25 ² Three of the certificates that the Bank purchased were certificates in re-securitizations of existing
 26 certificates of mortgage-backed securities. In connection with the sale of those three certificates, the
 27 dealers sent to the Bank a private placement memorandum for the re-securitization and prospectus
 supplements filed with the SEC for the underlying securitizations. Details of the re-securitizations are
 included in their respective schedules.

28 ³ A URL for each prospectus supplement is included in Item 44 of each schedule.

1 loans before maturity and when they do so) and therefore the expected lives of the loans and the
 2 associated certificates. Prepayment patterns affect many aspects of certificates that are material to
 3 the investors that purchase them, including the life of the certificate and the timing and amount of
 4 cash that the investor will receive during that life.

5 49. In addition, rating agencies use LTVs to determine the proper structuring and
 6 credit enhancement necessary for securities, such as the certificates that the Bank purchased, to
 7 receive a particular rating. If the LTVs of the mortgage loans in the collateral pool of a
 8 securitization are incorrect, the ratings of certificates sold in that securitization will also be
 9 incorrect.

10 50. An accurate denominator (that is, the value of the property) is essential to an
 11 accurate LTV. In particular, a too-high denominator will understate, sometimes greatly, the risk
 12 of a loan. To return to the example above, if the property whose actual value is \$500,000 is
 13 valued incorrectly at \$550,000, then the ostensible LTV of the \$300,000 loan falls from 60% to
 14 54.5%, and the ostensible LTV of the \$450,000 loan falls from 90% to 81.8%. In either case, the
 15 LTV based on the incorrect appraised value understates the risk of the loan. It is also important to
 16 note that, the higher the correct LTV, the more the risk is understated by an error in value of any
 17 given magnitude. In the example above, though the risk of a loan with an LTV of 60% is greater
 18 than the risk of one with an LTV of 54.5%, both imply a relatively safe loan because of the large
 19 equity cushions. But a loan with an LTV of 90% is much riskier than one with an LTV of 81.8%.
 20 In the latter case, there is an equity cushion of 18.2% of the value of the property, in the former,
 21 only 10%, just over half as much. Thus, a denominator that overvalues a property by just 10%
 22 produces an overstatement of more than 80% in the homeowner's equity.

23 51. For these reasons, a reasonable investor considers LTV critical to the decision
 24 whether to purchase a certificate in a securitization of mortgage loans. Even small differences in
 25 the weighted average LTVs of the mortgage loans in the collateral pool of a securitization have a
 26 significant effect on both the risk and the rating of each certificate sold in that securitization and,
 27 thus, are essential to the decision of a reasonable investor whether to purchase any such
 28 certificate.

1 **2. Untrue or misleading statements about the LTVs of the mortgage**
 2 **loans in the collateral pools of these securitizations**

3 52. In the prospectus supplements and other documents they sent to the Bank, the
 4 Defendants made material untrue or misleading statements about the LTVs of the mortgage loans
 5 in the collateral pools of these securitizations. Each such statement is identified in Item 52 of the
 6 schedules of this complaint. The Bank incorporates into this paragraph 52, and alleges as though
 7 fully set forth in this paragraph, the contents of Item 52 of the schedules.

8 53. The mortgage loans in the collateral pools of these securitization were divided into
 9 groups. Payments on the certificates that the Bank purchased were to be made primarily from the
 10 cash flows from the loans in the particular groups that were designated to support the Bank's
 11 certificates. Because of the structure of the securitizations, however, in most cases the credit
 12 quality of the loans in the other groups in the securitizations also was material to the risk of the
 13 certificates that the Bank purchased.

14 54. The Defendants made these statements as statements of fact. The Bank is informed
 15 and believes, and based thereon alleges, that Defendants intended that these statements be
 16 understood as statements of fact. The Bank did understand the statements about the LTVs as
 17 statements of fact. The Bank had no access to appraisal reports or other documents or information
 18 from which it could verify the LTVs of the mortgage loans other than the statements that the
 19 Defendants made about those LTVs.

20 3. These statements were untrue because the stated LTVs of many of
 21 those mortgage loans were lower than their actual LTVs.

22 55. The stated LTVs of many of the mortgage loans in each securitization were
 23 significantly lower than the true LTVs because the denominators (that is, the value of the
 24 properties that secured those loans) that were used to determine the disclosed LTVs were
 25 overstated to a material extent.⁴ The weighted-average LTVs presented in the prospectus
 26 supplements were also, therefore, untrue and misleading.

27 ⁴ References in this complaint and the schedules to the denominator in the LTVs are to the
 28 appraised value of the properties as stated in the loan tapes. For the overwhelming majority of mortgage
 loans, the appraised value was used to calculate the stated LTVs in the loan tapes.

1 a. **Use of an automated valuation model demonstrates that
2 Defendants' statements about LTVs were based on overstated
3 valuations of the properties in the collateral pools.**

4 56. Using a comprehensive, industry-standard automated valuation model (AVM), it is
5 possible to determine the true market value of a certain property as of a selected date. An AVM is
6 based on objective criteria like the condition of the property and the actual sale prices of
7 comparable properties in the same locale shortly before the specified date and is more consistent,
8 independent, and objective than other methods of appraisal. AVMs have been in widespread use
9 for many years. The AVM on which these allegations are based incorporates a database of 500
10 million sales covering ZIP codes that represent more than 97% of the homes, occupied by more
11 than 99% of the population, in the United States. Independent testing services have determined
that this AVM is the most accurate of all such models.

12 57. On many of the properties that secured the mortgage loans, the model reported that
13 LTVs were understated. In particular, the model reported that the denominator (that is, the
14 appraised value of the property as stated in the loan tape) that was used to determine the disclosed
15 LTV was 105% or more of the true market value as determined by the model as of the time the
16 loan was originated. The model reported that the denominator that was used to determine the
17 disclosed LTV was 95% or less of the true market value on a much smaller number of properties.
18 Thus, the number of properties on which the value was overstated exceeded by far the number on
19 which the value was understated, and the aggregate amount overstated exceeded by far the
20 aggregate amount understated.

21 58. To take an example, in Securitization No. 1, there were 4,345 mortgage loans in
22 the collateral pool. There was sufficient information for the model to determine the value of the
23 properties that secured 2,578 of those loans. On 1,741 of those 2,578 properties, the model
24 reported that the denominator that was used to determine the disclosed LTV was 105% or more of
25 the true market value and the amount by which the stated values of those properties exceeded
26 their true market values in the aggregate was \$159,299,961. The model reported that the
27 denominator that was used to determine the disclosed LTV was 95% or less of true market value
28 on only 289 properties, and the amount by which the true market values of those properties

1 exceeded the values reported in the denominator was \$18,366,289. Thus, the number of properties
 2 on which the value was overstated exceeded by more than six times the number on which the
 3 value was understated, and the aggregate amount overstated was more than eight times the
 4 aggregate amount understated.

5 59. On one of the loans in Securitization No. 1, the amount of the loan was \$665,000
 6 and the stated value of the property was \$950,000, resulting in a stated LTV of 70%. The model,
 7 however, determined that the true value of the property was \$628,000, resulting in a true LTV
 8 106%. Thus, the stated value was higher than the true value by 51%, and the stated LTV was
 9 lower than the true LTV by 34%. Both of these were huge discrepancies that were material to the
 10 credit quality of the loan.

11 60. The overstated values of 1,741 properties made virtually every statement by
 12 Defendants about the LTVs of the mortgage loans untrue or misleading. For example, Defendants
 13 stated that all mortgage loans had an LTV of 100% or less. In fact, the mortgage loans on 414 of
 14 the 2,578 properties valued by the model had LTVs of over 100%. Defendants also stated that the
 15 weighted average LTV of the loans in the loan group from which the Bank's bonds were to be
 16 paid was 72.2%. In fact, among the loans in that group that the AVM was able to value, the
 17 weighted average LTV was 86.6%. These differences were material, for the reasons stated above.

18 61. The results of the valuations by the automated model in this example are
 19 summarized in the following table.

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1	Number of loans	4,345
2	Number of properties on which there was enough information for the model to determine a true market value	2,578
3	Number of loans on which the stated value was 105% or more of the true market value as reported by the model	1,741
4	Aggregate amount by which the stated values of those properties exceeded their true market values as reported by the model	\$159,299,961
5	Number of loans on which the stated value was 95% or less of the true market value as reported by the model	289
6	Aggregate amount by which the true market values of those properties exceed their stated values	\$18,366,289
7	Number of loans with LTVs over 100%, as stated by Defendants	0
8	Number of loans with LTVs over 100%, as determined by the model	414
9	Weighted-average LTV, as stated by Defendants (group 4)	72.2%
10	Weighted-average LTV, as determined by the model (group 4)	86.6%

11 62. The model produced similar results for the mortgage loans in the collateral pool of
 12 each securitization. Details of the results of the model for each securitization are stated in Item 62
 13 of the schedules of this complaint. The Bank incorporates into this paragraph 62, and alleges as
 14 though fully set forth in this paragraph, the contents of Item 62 of the schedules.

15 b. **Subsequent sales of refinanced properties in the collateral pools indicate that Defendants' statements about LTVs were based on overstated valuations of the properties in the collateral pools.**

16 63. Of the mortgage loans in the collateral pools of these securitizations, many were
 17 taken out to refinance, rather than to purchase, properties. For those loans, the appraisal was the
 18 only basis for determining the value of the property because there is no sale price in a refinancing.
 19 A substantial number of those properties have since been sold. In nearly all the pools, those
 20 properties were sold for much less than the value ascribed to them in the LTV data reported in the
 21 prospectus supplements and other documents that the Defendants sent to the Bank. The
 22 differences cannot be explained by the declines in house prices in the areas in which those
 23 properties were located. Analysis of indices that track home prices in various geographic areas
 24 shows that the differences between the values ascribed to these properties and the prices at which
 25 the properties were sold are significantly greater than the declines in house prices in the same
 26 geographical areas over the same periods (that is, between the making of each mortgage loan and
 27 the corresponding sale). Thus, the large differences show that the values ascribed to those

1 properties, and to all properties in the collateral pools, in the LTV data reported in the prospectus
 2 supplements and other documents that the Defendants sent to the Bank were too high, that the
 3 resulting LTVs were too low, and thus that the statements in the prospectus supplements and
 4 other documents sent to the Bank about the LTVs were untrue or misleading.

5 64. To return to the example of Securitization No. 1, of the 4,345 mortgage loans in
 6 the collateral pool, 1,353 were taken out to refinance, rather than to purchase, properties. For
 7 those 1,353 loans, the value (denominator) in the LTV was an appraised value rather than a sale
 8 price. Of those 1,353 properties, 275 were subsequently sold for a total of approximately
 9 \$92,632,213. The total value ascribed to those same properties in the LTV data reported in the
 10 prospectus supplements and other documents sent to the Bank was \$137,028,900. Thus, those
 11 properties were sold for 67.6% of the value ascribed to them, a difference of 32.4%. This
 12 difference is significantly greater than would have been predicted by the declines in house prices
 13 in the areas in which those properties were located.

14 65. The results of this analysis for the securitizations are stated in Item 65 of the
 15 schedules of this Complaint. The Bank incorporates into this paragraph 65, and alleges as though
 16 fully set forth in this paragraph, the contents of Item 65 of the schedules.

17 4. These statements were misleading because the Defendants omitted to
 18 state that there were additional liens on a material number of the
 properties that secured the mortgage loans in the collateral pools.

19 66. As mentioned above, the LTV of a mortgage loan is a key determinant of the
 20 likelihood that the mortgagor will default in payment of the mortgage. The lower the LTV, the
 21 less likely that a decline in the value of the property will wipe out the owner's equity and thereby
 22 give the owner an incentive to stop making mortgage payments and abandon the property.
 23 Because LTV affects the behavior of borrowers so profoundly, accurate LTVs are essential to
 24 predicting defaults and prepayments by borrowers. Also as mentioned above, LTV affects the
 25 severity of loss on those loans that do default. The power of LTV to predict defaults,
 26 prepayments, and severities is a major reason why reasonable investors consider the LTVs of
 27 mortgage loans important to the decision whether to purchase a certificate in the securitization of
 28 those loans.

1 67. The predictive power of the LTV of a mortgage loan is much reduced if there are
2 additional liens on the same property. Additional liens reduce the owner's equity in the property
3 and thereby increase the owner's incentive to stop making mortgage payments and abandon the
4 property if the value of the property falls below the combined amount of all of the liens on the
5 property (a strategic default). Additional liens also exacerbate delinquencies and defaults because
6 they complicate the servicing of mortgage loans and the management of delinquencies and
7 defaults. Servicers of the first-lien mortgage must then deal not only with the borrower, but also
8 with the servicer of the second-lien mortgage. For example, the servicer of a single mortgage may
9 want to grant a borrower forbearance while the borrower is unemployed and allow him or her to
10 add missed payments to the principal of the loan and to resume payments when he or she is
11 employed again. But the servicer of the second-lien mortgage may refuse such forbearance and
12 initiate foreclosure and thereby force the borrower into default on the first mortgage as well.

13 68. According to land records, many of the properties that secured mortgage loans in
14 the collateral pool of each securitization were subject to liens in addition to the lien of the
15 mortgage in the pool at the time of the closing of these securitizations.⁵ In 66 of the
16 securitizations, the Defendants failed to disclose any of these additional liens in the prospectus
17 supplements and other documents they sent to the Bank. These additional liens reduced the equity
18 of the owners of the properties subject to them, and thereby increased the risk that those owners
19 would default in payment of the mortgage loan in the pool.

20 69. To take an example, of the 4,345 properties that secured the mortgage loans in
21 Securitization No. 1 at least 221 were subject to undisclosed liens in addition to the lien of the
22 mortgage in the pool. The undisclosed additional liens on these properties reduced the owners'
23 equity in those properties by a weighted average of 76.6% and by an aggregate amount of
24 \$28,493,227.

25 70. On one of the loans in Securitization No. 1, the original balance of the mortgage
26 loan was \$40,000, the represented value of the property was \$680,000 the owner's ostensible

⁵ Additional liens referred to in this complaint and the schedules exclude liens on the loan tapes that were originated on or before the date on which the mortgage loans in the pools were originated.

1 equity was \$140,000, and the reported LTV was 79.4%. On the date of the closing of this
 2 securitization, however, there were undisclosed additional liens on this property of \$100,000.
 3 Thus, the owner's true equity was only \$40,000, fully 71.4% less than the equity implied by the
 4 disclosed loan amount and value of the property. In many cases, the amounts of the undisclosed
 5 additional liens were precisely equal to the owner's ostensible equity, thereby reducing that
 6 equity by 100%, to zero. And in some cases, the amount of the undisclosed additional liens was
 7 much greater than the owner's ostensible equity, putting the owner "under water" on the day on
 8 which this securitization closed.

9 71. Similar numbers of additional undisclosed liens were found in each securitization
 10 where the defendants did not disclose the existence of additional liens. Details of the undisclosed
 11 additional liens in each securitization are stated in Item 71 of the schedules of this complaint. The
 12 Bank incorporates into this paragraph 71, and alleges as though fully set forth in this paragraph,
 13 the contents of Item 71 of the schedules. The Bank is informed and believes, and based thereon
 14 alleges, that discovery will demonstrate that the number of loans with additional liens is
 15 substantially higher than those disclosed in the schedules.

16 72. Because the Defendants did not disclose the existence or the amounts of these
 17 additional liens, all statements that they made about the LTVs of the mortgage loans were
 18 misleading.

19 **B. Appraisals**

20 73. As discussed above in paragraph 49, an accurate denominator (value of the
 21 mortgaged property) is essential to an accurate LTV. An accurate appraisal of the property, in
 22 turn, is essential to an accurate denominator.

23 74. In connection with these securitizations, there was undisclosed upward bias in
 24 appraisals of properties that secured mortgage loans and consequent understatement of the LTVs
 25 of those loans. The main instigators of this bias were mortgage brokers, real estate brokers, and
 26 loan officers who were not paid unless loans closed and properties changed hands, and who thus
 27 had a strong incentive to pressure appraisers to appraise properties at values high enough to
 28 enable transactions to close. (Furnishing an appraisal high enough to enable a transaction to close

1 was known as "hitting the bid." In a purchase, this meant ensuring that the appraised value was
 2 equal to or greater than the agreed price. In a refinancing or second mortgage, "hitting the bid"
 3 meant ensuring that the appraised value was high enough to enable the proposed loan to comply
 4 with the lender's requirements for LTV.)

5 75. This upward bias in appraisals caused the denominators that were used to
 6 determine the LTVs of many mortgage loans to be overstated and the LTVs themselves therefore
 7 to be understated. The statements that the Defendants made about the LTVs of the mortgage loans
 8 in the collateral pools were misleading because they omitted to state that the appraisals of a
 9 material number of the properties that secured those loans were biased upwards. In addition, the
 10 Defendants stated that the appraisals conformed to the Uniform Standards of Professional
 11 Appraisal Practice (USPAP), the professional standards that govern appraisers and appraisals (or
 12 to the standards of Fannie Mae and Freddie Mac, which required compliance with USPAP).
 13 Those statements were false because upwardly biased appraisals do not conform to USPAP.

14 1. These statements that the Defendants made about the LTVs of the
 15 mortgage loans in the collateral pools were misleading because they
 16 omitted to state that the appraisals of a large number of the properties
 17 that secured those loans were biased upward, so that stated LTVs
 18 based on those appraisals were lower than the true LTVs of those
 19 mortgage loans.

20 76. Defendants omitted to state that brokers and loan officers pressured appraisers by
 21 threatening to withhold future assignments if an appraiser did not "hit the bid" and sometimes by
 22 refusing to pay for completed appraisals that did not "hit the bid." This pressure came in many
 23 forms, including the following:

- 24 • the withholding of business if the appraisers refused to inflate
 25 values,
- 26 • the withholding of business if the appraisers refused to guarantee
 27 a predetermined value,
- 28 • the withholding of business if the appraisers refused to ignore
 29 deficiencies in the property,
- 30 • refusing to pay for an appraisal that does not give the brokers and
 31 loans officers the property values that they want,

- 1 • black listing honest appraisers in order to use "rubber stamp"
 2 appraisers, etc.

3 77. The appraisals used to compute the LTVs of many of the mortgage loans in the
 4 collateral pools were biased upwards. As alleged in paragraphs 63 through 65 above, the
 5 appraisals of refinanced properties that were subsequently sold were overstated. Moreover, as
 6 alleged in paragraphs 56 through 62, in each trust, the number of properties on which the value
 7 was overstated exceeded by far the number on which the value was understated, and the
 8 aggregate amount overstated exceeded by far the aggregate amount understated. These ratios for
 9 each trust are summarized in the following table.

Securitization No.	Ratio of Number of Properties Whose Value was Overstated to Number Whose Value was Understated	Ratio of Amount of Overvaluation to Amount of Undervaluation
1	6.0	8.7
2	4.8	7.3
3	2.4	2.7
4	3.6	3.7
5	2.2	2.2
6	3.3	3.1
7	6.4	6.6
8	12.0	15.9
9	3.6	3.4
10	2.0	1.5
11	10.9	20.9
12	9.7	13.7
13	4.5	4.3
14	6.0	6.1
15	3.3	2.6
16	1.6	1.6
17	2.3	2.3
18	6.8	7.2
19	5.3	5.0
20	5.1	5.3
21	4.8	5.5
22	6.1	7.5

Securitization No.	Ratio of Number of Properties Whose Value was Overstated to Number Whose Value was Understated	Ratio of Amount of Overvaluation to Amount of Undervaluation
23	4.2	4.4
24	3.2	3.1
25	2.9	2.7
26	2.8	3.1
27	2.9	3.2
28	2.0	2.1
29	1.8	1.4
30	2.2	1.7
31	2.4	2.1
32	12.7	21.8
33	2.8	3.0
34	2.8	2.7
35	3.0	2.6
36	2.6	2.7
37	2.2	2.1
38	2.4	1.7
39	2.6	2.3
40	10.5	11.4
41	2.4	1.7
42	3.0	3.2
43	2.2	1.6
44	2.1	1.7
45	6.6	7.4
46	3.6	3.5
47	3.0	2.6
48	9.9	11.0
49	3.2	4.0
50	3.1	3.3
51	2.9	3.2
52	2.9	3.1
53	1.7	1.3
54	7.6	9.6
55	3.8	3.7
56	4.1	3.8

1 2 3	Securitization No.	Ratio of Number of Properties Whose Value was Overstated to Number Whose Value was Understated	Ratio of Amount of Overvaluation to Amount of Undervaluation
4	57	2.7	3.6
5	58	2.8	3.4
6	59	2.9	4.2
7	60	14.5	18.0
8	61	10.6	14.6
9	62	8.5	16.7
10	63	3.5	3.5
11	64	1.7	1.5
12	65	1.9	1.9
13	66	1.4	1.1
14	67	1.3	1.3
15	68	3.5	4.1
16	69	1.4	1.0
17	70	1.3	1.3
18	71	2.0	2.4
19	72	1.3	0.9
20	73	3.2	3.9
21	74	8.1	10.0
22	75	4.6	5.2
23	76	3.8	3.1
24	77	3.8	4.0
25	78	4.0	3.6

20 These lopsided results demonstrate the upward bias in appraisals of properties that secured the
 21 mortgage loans in the collateral pools.

22 78. The Bank is informed and believes, and based thereon alleges, that a material
 23 number of the upwardlybiased appraisals were not statements of the appraiser's actual finding of
 24 the value of a property based on his or her objective valuation, but rather were the result of
 25 pressure on the appraiser to "hit the bid."

1 2. The statements by the Defendants about compliance with USPAP were
2 untrue because the appraisals of a large number of the properties that
 secured the mortgage loans were biased upward.

3 79. Appraisers and appraisals are governed by USPAP, which is promulgated by the
4 Appraisal Standards Board. The Preamble to USPAP states that its purpose "is to promote and
5 maintain a high level of public trust in appraisal practice." Both Fannie Mae and Freddie Mac
6 require that appraisals comply with USPAP.

7 80. USPAP includes the following provisions:

8 a. Third USPAP Ethics Conduct Rule: "An appraiser must perform
9 assignments with impartiality, objectivity, and independence, and without accommodation of
10 personal interests."

11 b. Fifth USPAP Ethics Conduct Rule: "An appraiser must not accept an
12 assignment that includes the reporting of predetermined opinions and conclusions."

13 c. Second USPAP Ethics Management Rule:

14 It is unethical for an appraiser to accept an assignment, or to have a
15 compensation arrangement for an assignment, that is contingent on any
 of the following:

- 16 1. the reporting of a predetermined result (e.g., opinion of value);
17 2. a direction in assignment results that favors the cause of the client;
18 3. the amount of a value opinion;
19 4. the attainment of a stipulated result; or
20 5. the occurrence of a subsequent event directly related to the
 appraiser's opinions and specific to the assignment's purpose.

22 81. The Appraisal Standards Board, which promulgates USPAP, also issues Advisory
23 Opinions. Although the Advisory Opinions do not establish new standards or interpret USPAP,
24 they "are issued to illustrate the applicability of appraisal standards in specific situations."
25 Advisory Opinion 19 discusses "Unacceptable Assignment Conditions in Real Property Appraisal
26 Assignments." As background, Advisory Opinion 19 notes that many appraisers report requests
27 for their services accompanied by such conditions as: "Approximate (or Minimum) value needed:
28

1 ____"; "If this property will not appraise for at least ____, stop and call us immediately"; etc.

2 About such conditions, Advisory Opinion 19 states:

3 Certain types of conditions are unacceptable in any assignment because
4 performing an assignment under such conditions violates USPAP.
5 Specifically, an assignment condition is unacceptable when it:

- 6 • precludes an appraiser's impartiality. Because such a condition
7 destroys the objectivity and independence required for the
8 development and communication of credible results;
- 9 • limits the scope of work to such a degree that the assignment
10 results are not credible, given the intended use of the assignment;
11 or
- 12 • limits the content of a report in a way that results in the report
13 being misleading.

14 82. In the prospectus supplements and other documents they sent to the Bank, the
15 Defendants made statements that the appraisals of properties that secured the mortgage loans in
16 the collateral pools were made in compliance with USPAP or with the appraisal standards of
17 Fannie Mae and Freddie Mac, which required compliance with USPAP. Details of each such
18 statement are stated in Item 82 of the schedules of this complaint. The Bank incorporates into this
19 paragraph 82, and alleges as though fully set forth in this paragraph, the contents of Item 82 of the
20 schedules.

21 83. The Bank is informed and believes, and based thereon alleges, that a material
22 number of mortgage loans in the collateral pools had appraisals conducted that deviated from
23 USPAP.

24 84. Each of these statements referred to in paragraph 82 was untrue because the
25 appraisals of a material number of the properties referred to in each such statement did not
26 conform to USPAP.

27 *

28 85. By each of the untrue and misleading statements referred to in paragraphs 52 and
29 82 above, the Defendants materially understated the risk of the certificates that they offered and
30 sold to the Bank.

1 **II. Untrue or Misleading Statements About the Occupancy Status of the Properties**
 2 **That Secured the Mortgage Loans in the Collateral Pools**

3 **A. The materiality of occupancy status**

4 86. Residential real estate is usually divided into primary residences, second homes,
 5 and investment properties. Mortgages on primary residences are less likely to default than
 6 mortgages on non-owner-occupied residences and therefore are less risky. Occupancy status also
 7 influences prepayment patterns.

8 87. Occupancy status (that is, whether the property that secures a mortgage is to be the
 9 primary residence of the borrower, a second home, or an investment property) is an important
 10 measure of the risk of a mortgage loan. The percentage of loans in the collateral pool of a
 11 securitization that are not secured by mortgages on primary residences is an important measure of
 12 the risk of certificates sold in that securitization. Other things being equal, the higher the
 13 percentage of loans not secured by primary residences, the greater the risk of the certificates. A
 14 reasonable investor considers occupancy status important to the decision whether to purchase a
 15 certificate in a securitization of mortgage loans.

16 **B. Untrue or misleading statements about the occupancy status of the properties**
 17 **that secured the mortgage loans in the collateral pools of these securitizations**

18 88. In the prospectus supplements and other documents they sent to the Bank, the
 19 Defendants made statements about the number of properties in the collateral pool of each
 20 securitization that were the primary homes of their owners. To return to the example of
 21 Securitization No. 1, the Defendants stated that, of the 4,345 mortgage loans in the collateral
 22 pool, 2,731 were secured by primary residences and 1,614 were not. Details of each such
 23 statement in each securitization are stated in Item 88 of the schedules of this complaint. The Bank
 24 incorporates into this paragraph 88, and alleges as though fully set forth in this paragraph, the
 25 contents of Item 88 of the schedules.

26 89. These statements were untrue or misleading because (i) the stated number of
 27 mortgage loans secured by primary residences was higher than the actual number of loans in that
 28 category; (ii) the stated number of mortgage loans not secured by primary residences was lower

1 than the actual number of loans in that category; or (iii) the Defendants omitted to state that the
 2 occupancy status of a significant number of the properties that secured the mortgage loans in the
 3 collateral pools was misstated because of fraud.

4 **C. Basis of the allegations above that these statements about the occupancy
 5 status of the properties that secured the mortgage loans in the collateral pools
 6 were untrue or misleading**

7 90. Because they are less risky than other mortgage loans, mortgage loans on primary
 8 residences usually have more favorable terms, including lower interest rates and more lenient
 9 underwriting standards, than mortgage loans on second homes and investment properties.
 10 Applicants for loans on second homes and investment properties therefore have an incentive to
 11 state that the property will be their primary residence even when it will not. The Bank is informed
 12 and believes, and based thereon alleges, that borrowers many nonconforming securitized loans
 did so.

13 91. A significant number of the properties in the collateral pool of each securitization
 14 that were stated to be primary residences actually were not. Moreover, the Bank is informed and
 15 believes, and based thereon alleges, that there is additional evidence of occupancy fraud in the
 16 loan files of many more of the mortgage loans in the collateral pool.

17 92. With respect to some of the properties that were stated to be primary residences,
 18 the borrower instructed local tax authorities to send the bills for the taxes on the property to the
 19 borrower at an address other than the property itself. This is strong evidence that the mortgaged
 20 property was not the borrower's primary residence.

21 93. In some states and counties, owners of a property are able to designate whether
 22 that property is his or her "homestead," which may reduce the taxes on that property or exempt
 23 the property from assets available to satisfy the owner's creditors, or both. An owner may
 24 designate only one property, which he or she must occupy, as his or her homestead. The fact that
 25 an owner in one of these jurisdictions does not designate a property as his or her homestead when
 26 he or she can do so is strong evidence that the property was not his or her primary residence. With
 27 respect to some of the properties that were stated to be primary residences, the owner could have

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1 but did not designate the property as his or her homestead. That omission is strong evidence that
 2 the property was not the borrower's primary residence.

3 94. With respect to some of the properties that were stated to be primary residences,
 4 the borrower owned three or more properties. Thus it was reasonably likely that the borrower did
 5 not live in the property that was stated to be owner-occupied.

6 95. When a borrower who lives in a mortgaged property falls behind in his or her
 7 payments, it is normally many months before foreclosure ensues, during which time the borrower
 8 tries to become current in his or her payments or to modify the mortgage so as not to lose his or
 9 her home. During this time, the borrower becomes progressively more delinquent (30 days past
 10 due, 60 days past due, etc.). In the very rare circumstances in which a mortgage loan goes straight
 11 from being current to either foreclosure or ownership by the lender, it is usually because the
 12 borrower did not live in the property and so made no effort to remain in it, but instead abandoned
 13 the property to the lender soon after he or she became unable to make the payments. In many of
 14 the securitizations, there were mortgage loans in the collateral pools that were secured by
 15 properties that were stated to be primary residences and that went straight from current to
 16 foreclosure or ownership by the lender. It is more likely than not that the properties that secured
 17 these mortgage loans were actually not primary residences.

18 96. In Securitization No. 1, 243 owners of properties that were stated to be primary
 19 residences instructed local tax authorities to send the bills for the taxes on that property to them at
 20 a different address; 325 owners of properties that were stated to be primary residences could
 21 have, but did not, designate that property as their homestead and; 30 owners of properties that
 22 were stated to be primary residences owned three or more properties. Eliminating duplicates, 521
 23 properties that were stated to be primary residences actually were not, for one or more of these
 24 reasons. Thus, of the 2,731 properties that were stated to be primary residences, 521 actually were
 25 not, and the number of properties that were not primary residences was not 1,614, as the
 26 defendants stated, but actually 2,135, a material difference. The numbers of such loans in the
 27 collateral pool of each securitization are stated in Item 96 of the schedules of this Complaint. The
 28

1 Bank incorporates into this paragraph 96, and alleges as though fully set forth in this paragraph,
 2 the contents of Item 96 of the schedules.

3 *
 4 97. By each of the untrue and misleading statements referred to in paragraph 88, the
 5 Defendants materially understated the risk of the certificates that they offered and sold to the
 6 Bank.

7 **III. Untrue or Misleading Statements About the Underwriting Standards of the**
8 Originators of the Mortgage Loans in the Collateral Pools

9 **A. The materiality of underwriting standards and the extent of an originator's**
departures from them
 10 98. Originators of mortgage loans have written standards by which they underwrite
 11 applications for loans. An important purpose of underwriting is to ensure that the originator
 12 makes mortgage loans only in compliance with those standards and that its underwriting decisions
 13 are properly documented. An even more fundamental purpose of underwriting mortgage loans is
 14 to ensure that loans are made only to borrowers with credit standing and financial resources to
 15 repay the loans and only against collateral with value, condition, and marketability sufficient to
 16 secure the loans. An originator's underwriting standards, and the extent to which the originator
 17 departs from its standards, are important indicators of the risk of mortgage loans made by that
 18 originator and of certificates sold in a securitization in which mortgage loans made by that
 19 originator are part of the collateral pool. A reasonable investor considers the underwriting
 20 standards of originators of mortgage loans in the collateral pool of a securitization, and the extent
 21 to which each originator departs from its standards, important to the decision whether to purchase
 22 a certificate in that securitization.

23 **B. Untrue or misleading statements about the underwriting standards of**
24 originators of the mortgage loans in the collateral pools and about the extent
to which those originators departed from their standards

25 **1. The untrue or misleading statements**

26 99. In the prospectus supplements and other documents they sent to the Bank, the
 27 Defendants made statements about the underwriting standards of the originators of the mortgage
 28 loans in the collateral pool. Details of each such statement are stated in Item 99 of the schedules

1 of this complaint. They included statements that the originators made mortgage loans in
 2 compliance with their underwriting standards and made exceptions to those standards only when
 3 compensating factors were present. The Bank incorporates into this paragraph 99, and alleges as
 4 though fully set forth in this paragraph, the contents of Item 99 of the schedules.

5 100. The Bank is informed and believes, and based thereon alleges, that these
 6 statements were untrue or misleading because the Defendants omitted to state that: (a) the
 7 originators were departing extensively from those underwriting standards; (b) the originators were
 8 making extensive exceptions to those underwriting standards when no compensating factors were
 9 present; (c) the originators were making wholesale, rather than case-by-case, exceptions to those
 10 underwriting standards; (d) the originators were making mortgage loans that borrowers could not
 11 repay; and (e) the originators were failing frequently to follow quality-assurance practices
 12 necessary to detect and prevent fraud intended to circumvent their underwriting standards.

13 2. **Basis of the allegations that these statements about the underwriting
 14 standards of the originators of the mortgage loans in the collateral
 15 pools, and about the extent of their departures from those standards,
 16 were untrue or misleading**

17 a. **The deterioration in undisclosed credit characteristics of
 18 mortgage loans made by these originators**

19 101. The Bank is informed and believes, and based thereon alleges, before and during
 20 the time of these securitizations, many originators of mortgage loans relaxed their actual lending
 21 practices for loans they sold into securitizations, even though their stated underwriting standards
 22 may have remained unchanged. As a result of this relaxation, securitized mortgage loans made
 23 between 2004 and the dates of these securitizations have experienced high rates of delinquency
 24 and default.

25 102. Based on an extensive empirical study of mortgage loans made and sold into
 26 securitizations during this period, economists at the University of Michigan and elsewhere found
 27 that the high rates of delinquency and default were caused not so much by any deterioration in
 28 credit characteristics of the loans that were expressly embodied in underwriting standards and

1 disclosed to investors, but rather by deterioration in credit characteristics that were not disclosed
 2 to investors.

3 103. What these economists found about recent securitized mortgage loans in general
 4 was true in particular of loans originated by the entities that originated the loans in the collateral
 5 pools of these securitizations, as the following figures demonstrate. Taking the originator
 6 Countrywide Home Loans, Inc. as an example, Figure 1 shows the rising incidence of early
 7 payment defaults (or EPDs), that is, the percent of loans (by outstanding principal balance) that
 8 were originated and sold into securitizations by Countrywide Home Loans, Inc. and that became
 9 60 or more days delinquent within six months after they were made. An EPD is strong evidence
 10 that the originator departed from its underwriting standards in making the loan, often by failing to
 11 detect fraud in the application. Underwriting standards are intended to ensure that loans are made
 12 only to borrowers who can and will make their mortgage payments. Because an EPD occurs so
 13 soon after the mortgage loan was made, it is much more likely that the default occurred because
 14 the borrower could not afford the payments in the first place (and thus that the underwriting
 15 standards were not followed), than because of changed external circumstances unrelated to the
 16 underwriting of the mortgage loan (such as that the borrower lost his or her job). The bars in
 17 Figure 1 depict the incidence of EPDs in loans originated by Countrywide Home Loans, Inc. that
 18 were sold into securitizations. The steady increase in EPDs is further evidence that the
 19 deterioration in the credit quality of those loans was caused by departures from its underwriting
 20 standards.

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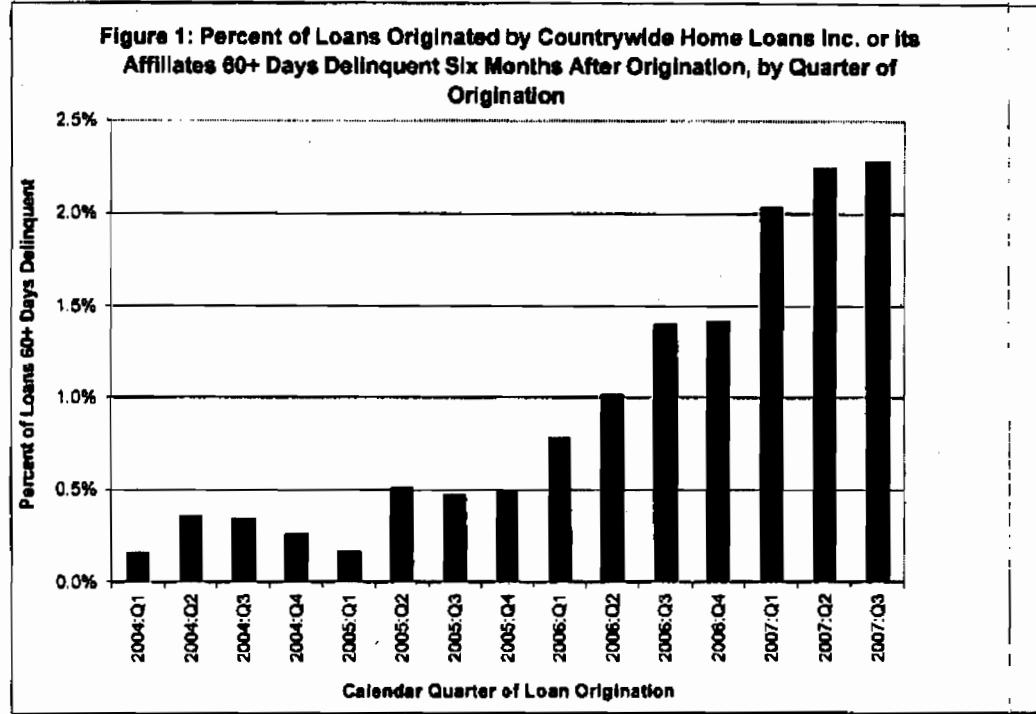
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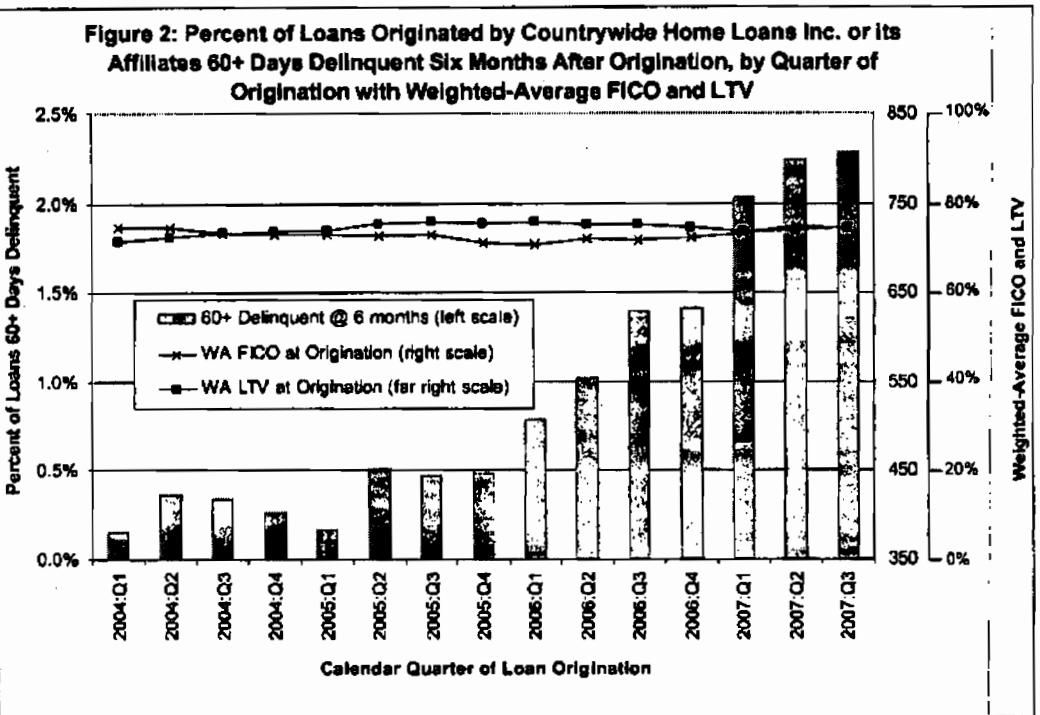
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104. Figure 2 shows the weighted-average disclosed LTVs of the same loans and weighted-average disclosed credit scores of the borrowers. These were nearly constant, confirming the finding of the economists at the University of Michigan that the deterioration in the credit quality of the loans was caused not by these disclosed factors, but rather by undisclosed factors.



105. Substantially the same facts are true of the mortgage loans originated and sold into securitizations by each of the originators of mortgage loans in the collateral pools of these securitizations. Figures for them are presented in Figures 1 and 2 of the following Exhibits to this Complaint:

Exhibit	Originator
A	Bank of America N.A.
B	Bear Stearns Residential Mortgage Corp., and EMC Mortgage Corp.
C	Countrywide Home Loans, Inc
D	Credit Suisse First Boston Corp. and DLJ Mortgage Capital
E	GMAC Mortgage Corp.
F	Greenpoint Mortgage Funding
G	MortgageIT, Inc.

Exhibit	Originator
H	Wells Fargo Bank, N.A.

The Bank incorporates into this paragraph 105, and alleges as though fully set forth in this paragraph, the contents of figures 1 and 2 of each Exhibit.

b. **The poor performance of the loans in these pools demonstrates that the originators departed extensively from their underwriting guidelines when making these loans.**

106. As noted above, an EPD is strong evidence that the originator may have departed from its underwriting standards in making the loan. The mortgage loans in the collateral pools of these securitization experienced very high rates of EPDs, some much higher than the rate of EPDs suffered by all securitized prime (including Alt-A) mortgage loans made in the United States during the same time in which those loans were made. This much higher-than-normal rate of EPDs is strong evidence that the originators of those loans may have departed extensively from their underwriting standards when making those loans. The number and percent of the loans in each pool that suffered EPDs, and the percent of all securitized non-agency prime (including Alt-A) mortgage loans made at the same time that suffered EPDs, are stated in Item 106 of the schedules of this Complaint. The Bank incorporates into this paragraph 106, and alleges as though fully set forth in this paragraph, the contents of Item 106 of the schedules.

107. A higher-than-normal rate of delinquency at any time in a group of mortgage loans is also evidence that the originators of those loans may have departed from their underwriting standards in making the loans. A common measure of serious delinquency is the number of loans on which the borrowers were ever 90 or more days delinquent in their payments. The mortgage loans in the collateral pools have experienced very high rates of delinquencies by this measure, some much higher than the rate of such delinquencies suffered by all securitized prime (including Alt-A) mortgage loans made in the United States during the same time in which those loans were made. This much higher-than-normal rate of delinquencies is strong evidence that the originators of those loans may have departed extensively from their underwriting standards when making those loans. The number and percent of the loans in each pool that suffered 90 or more days

1 delinquencies, and the percent of all securitized prime (including Alt-A) mortgage loans made at
 2 the same time that suffered such delinquencies, are stated in Item 107 of the schedules of this
 3 Complaint. The Bank incorporates into this paragraph 107, and alleges as though fully set forth in
 4 this paragraph, the contents of Item 107 of the schedules.

5 108. A second common measure of delinquency is the number of loans on which the
 6 borrowers are 30 or more days delinquent now. The mortgage loans in the collateral pools have
 7 experienced very high rates of delinquencies by this measure, some as high as 54.9% of the loans
 8 in some pools as of March 31, 2010. By contrast, only 14.7% of all mortgage loans made in the
 9 United States (including millions of loans of lower ostensible credit quality) were 30+ days
 10 delinquent on the same date. This much higher-than-normal rate of delinquencies is strong
 11 evidence that the originators of those loans may have departed extensively from their
 12 underwriting standards when making those loans. The number and percent of the loans in each
 13 pool that were 30 or more days delinquent on March 31, 2010, are stated in Item 108 of the
 14 schedules of this Complaint. The Bank incorporates into this paragraph 108, and alleges as
 15 though fully set forth in this paragraph, the contents of Item 108 of the schedules.

16 c. **Governmental investigations also concluded that the largest**
 17 **originator in these securitizations departed from its**
underwriting standards.

18 109. In addition to the statistical data cited above, governmental investigations also
 19 concluded that Countrywide Home Loans, Inc. (which originated 54% of all the loans in the
 20 collateral pools of these securitizations), made extensive, undisclosed departures from its stated
 21 underwriting standards.

22 110. The Securities and Exchange Commission conducted an extensive investigation of
 23 the lending practices of Countrywide. Based on the findings of its investigation, the SEC sued
 24 three former senior officers of Countrywide. In its complaint, the SEC alleged that these three
 25 senior officers committed securities fraud by hiding from investors "the high percentage of loans
 26 [Countrywide] originated that were outside its already widened underwriting guidelines due to
 27 loans made as exceptions to guidelines."

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1 111. Among the support for the SEC's allegations is a memorandum dated December
 2 13, 2007, in which the enterprise risk assessment officer at Countrywide stated that "borrower
 3 repayment capacity was not adequately assessed by the bank during the underwriting process for
 4 home equity mortgage loans." The SEC also based its allegations on an email dated June 1, 2007,
 5 in which Countrywide's Chairman and CEO Angelo Mozilo wrote that borrowers "are going to
 6 experience a payment shock which is going to be difficult if not impossible for them to manage."

7 112. The Attorneys General of many states also investigated Countrywide's lending
 8 practices. Among these, the Attorney General of California found, and alleged in a suit against
 9 Countrywide, that Countrywide "viewed borrowers as nothing more than the means for producing
 10 more loans, originating loans with little or no regard to borrowers' long-term ability to afford
 11 them." The Attorneys General of several other states also reached the same conclusion.

- 12 • The Attorney General of Washington alleged that "[t]o increase market share,
 [Countrywide] dispensed with many standard underwriting guidelines . . . to place
 unqualified borrowers in loans which ultimately they could not afford."
- 13 • The Attorney General of Illinois alleged in a suit against Countrywide that
 Countrywide was "indifferen[t] to whether homeowners could afford its loans."
- 14 • The Attorney General of West Virginia alleged that "Countrywide sold West
 Virginia consumers loans when there was no reasonable probability of the
 consumers being able to pay the loan in full."

15 113. The Bank is informed and believes, and based thereon alleges, that Countrywide
 16 did not adhere to its own underwriting standards, but instead abandoned or ignored them.
 17 According to internal Countrywide documents, Mozilo admitted that loans "had been originated
 18 'through our channels with disregard for process [and] compliance with guidelines.'" Similarly,
 19 the Attorney General of California alleged that "Countrywide did whatever it took to sell more
 20 loans, faster – including by . . . disregarding the minimal underwriting criteria it claimed to
 21 require."

22 114. The Bank is informed and believes, and based thereon alleges, that Countrywide
 23 made exceptions to its underwriting standards where no compensating factors existed, resulting in
 24 higher rates of default. According to the SEC in its action against former officers of Countrywide:

1 [T]he actual underwriting of exceptions was severely compromised. According to
 2 Countrywide's official underwriting guidelines, exceptions were only proper
 3 where "compensating factors" were identified which offset the risks caused by the
 4 loan being outside of guidelines. In practice, however, Countrywide used as
"compensating factors" variables such as FICO and loan to value, which had
already been assessed [in determining the loan to be outside of guidelines].

5 (Emphasis in original.) Such "compensating factors" did not actually compensate for anything
 6 and did not "offset" any risk.

7 115. Finally, the Bank is informed and believes, and based thereon alleges, that
 8 Countrywide did not apply its underwriting standards in accordance with all federal, state, and
 9 local laws. Countrywide has entered into agreements to settle charges of violation of predatory
 10 lending, unfair competition, false advertising, and banking laws with the Attorneys General of at
 11 least 39 states, including Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida,
 12 Georgia, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Maine,
 13 Michigan, Mississippi, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina,
 14 North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee,
 15 Texas, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. The Attorneys General
 16 of these states alleged that Countrywide violated state predatory lending laws by (i) making loans
 17 it could not have reasonably expected borrowers to be able to repay; (ii) using high pressure sales
 18 and advertising tactics designed to steer borrowers towards high-risk loans; and (iii) failing to
 19 disclose to borrowers important information about the loans, including the costs and difficulties
 20 of refinancing, the availability of lower cost products, the existence and nature of prepayment
 21 penalties, and that advertised low interest rates were merely "teaser" rates that would adjust
 22 upwards dramatically as soon as one month after closing.

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25 116. By each of the untrue and misleading statements referred to in paragraph 99 above,
 26 the Defendants materially understated the risk of the certificates that they offered and sold to the
 27 Bank. Moreover, the Bank is informed and believes, and based thereon alleges, that discovery
 28 will yield additional evidence that the originators departed extensively from their underwriting
 guidelines when making the mortgage loans in the collateral pools of these securitizations.

1 **IV. The Large Number of Mortgage Loans in the Collateral Pools About Which the**
 2 **Defendants Made Material Untrue or Misleading Statements Made Their Statements**
 3 **About the Ratings of the Bank's Certificates Untrue and Misleading.**

4 117. In the prospectus supplements and other documents they sent to the Bank, the
 5 Defendants made statements about the rating of each certificate by Moody's Investors Service,
 6 Standard & Poor's Rating Service, and Fitch Ratings. They stated that one or more of those
 7 agencies rated each such certificate triple-A, the highest rating available from either agency.
 8 Details of each such statement are stated in Item 117 of the schedules of this complaint. The Bank
 9 incorporates into this paragraph 117, and alleges as though fully set forth in this paragraph, the
 10 contents of Item 117 of the schedules.

11 118. The ratings were important to the decision of any reasonable investor whether to
 12 purchase the certificates. Many investors, including the Bank, have investment policies that
 13 require a certain minimum rating for all investments. The policy of the Bank was to purchase only
 14 certificates that were rated triple-A.

15 119. These statements by the Defendants about the ratings of the certificates they sold
 16 to the Bank were misleading because the Defendants omitted to state that the ratings did not take
 17 into account all the material untrue or misleading statements about specific mortgage loans in the
 18 collateral pool. These include:

- 19 a. loans in which the LTVs were materially understated;
- 20 b. loans in which the owner's equity in the property was reduced by 5% or
 more by undisclosed additional liens;
- 21 c. loans that suffered EPDs, strong evidence that the originators may have
 made undisclosed departures from the underwriting standards in making those loans; and
- 22 d. loans in which the properties were stated to be owner-occupied, but were
 not.

23 120. In Securitization No. 1, there were 1,741 loans whose LTVs were materially
 24 understated, 221 loans in which the owner's equity was reduced by 5% or more by undisclosed
 25 additional liens, 261 loans that suffered EPDs, and 521 loans in which the properties were stated
 26 to be owner-occupied but were not. Eliminating duplicates, there were 2,198 loans (or 50.6% of

1 the loans in the collateral pool) about which the defendants made untrue or misleading statements.
 2 The numbers of such loans in the collateral pool of each securitization are stated in Item 120 of
 3 the schedules of this Complaint. The Bank incorporates into this paragraph 120, and alleges as
 4 though fully set forth in this paragraph, the contents of Item 120 of the schedules.

5 121. The Bank is informed and believes, and based thereon alleges, that loan files and
 6 other documents available only through discovery will prove that those statements were untrue or
 7 misleading with respect to many more loans as well.

8 122. By these untrue and misleading statements, the Defendants materially understated
 9 the risk of the certificates that they offered and sold to the Bank. Moreover, the Bank is informed
 10 and believes, and based thereon alleges, that the Defendants materially understated the risk of the
 11 certificates that they offered and sold to the Bank.

12 **FIRST CAUSE OF ACTION**

13 **UNTRUE OR MISLEADING STATEMENTS IN THE SALE OF SECURITIES**
 14 **(California Corporations Code §§ 25401, 25501)**

15 123. This cause of action is alleged against the following Defendants:

<i>Against Defendant:</i>	<i>In connection with Securitizations:</i>
Credit Suisse	Securitizations Nos. 1 through 5, and 7 through 10
Deutsche	Securitizations Nos. 11 through 16, and 18 through 31
Bear Stearns	Securitizations Nos. 32 through 35, 40, and 41
Greenwich Capital	Securitizations Nos. 42 and 44
Morgan Stanley	Securitizations Nos. 45 through 47
UBS	Securitizations Nos. 48 through 51, and 53 through 59
Banc of America	Securitizations Nos. 60 through 70
Countrywide	Securitizations Nos. 74 through 78

23 124. The Bank hereby incorporates by reference, as though fully set forth, paragraphs 1
 24 through 122.

25 125. In doing the acts alleged in the sale to the Bank of the certificates in the
 26 securitizations referred to above, the Defendants named above violated Sections 25401 and 25501
 27 of the California Corporations Code by offering or selling securities in this State by means of
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1 written communications that included untrue statements of material fact or omitted to state
2 material facts necessary in order to make the statements made, in light of the circumstances under
3 which they were made, not misleading.

4 126. This action is brought within two years after the discovery of the untrue and
5 misleading statements in the prospectus supplements and other documents that the Defendants
6 sent to the Bank, and within five years of the Bank's purchase of these certificates, or within any
7 applicable period as tolled by the pendency of the class actions referred to above or others.
8 Despite having exercised reasonable diligence, the Bank did not and could not reasonably have
9 discovered earlier the untrue and misleading statements in the prospectus supplements and other
10 documents.

11 127. Under California Corporations Code §§ 25401 and 25501, the Bank is entitled to
12 recover the consideration that it paid for each of these certificates, plus interest at the legal rate
13 from the date of purchase to the date on which it recovers the purchase price, minus the amount of
14 income it has received on the certificate. Pursuant to § 25501 and in anticipation of the remedies
15 thereunder, the Bank hereby offers to tender each certificate.

16 **SECOND CAUSE OF ACTION**

17 **UNTRUE OR MISLEADING STATEMENTS**
18 **IN REGISTRATION STATEMENTS**
19 **(Section 11 of the Securities Act of 1933)**

20 128. This cause of action is alleged against the following Defendants:
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<i>Against Defendant:</i>	<i>In connection with Securitizations:</i>
Credit Suisse	Securitizations Nos. 7 through 10
Deutsche	Securitizations Nos. 18 through 31
Bear Stearns	Securitizations Nos. 40 and 41
SAMI II	Securitization No. 40
Greenwich Capital	Securitization No. 44
Morgan Stanley	Securitizations Nos. 45 through 47
UBS	Securitizations Nos. 54 through 59
Countrywide	Securitizations Nos. 75 through 78
CWALT	Securitizations Nos. 7, 9, 10, 18 through 31, 41, 44 through 47, 54 through 59, 75 through 78

129. The Bank hereby incorporates by reference, as though fully set forth, paragraphs 1 through 127.

130. In doing the acts alleged, the Defendants named above violated Section 11 of the Securities Act of 1933 in connection with the sale to the Bank of the certificates in the securitizations referred to above.

131. The certificates in these securitizations were issued pursuant or traceable to registration statements. Details of each registration statement and each certificate are stated in Item 44 of the schedules.

132. SAMI II and CWALT are depositors of the securitizations listed above and therefore are the issuers of the certificates in those securitizations. Credit Suisse, Deutsche, Bear Stearns, Greenwich Capital, Morgan Stanley, UBS and Countrywide acted as underwriters of the certificates listed above.

133. This action is brought within one year after the discovery of the untrue and misleading statements in the registration statements, as amended by the prospectus supplements, and within three years of these certificates having been sold to the public, or within any applicable period as tolled by the pendency of the class actions referred to above or others. Despite having exercised reasonable diligence, the Bank did not and could not reasonably have discovered earlier the untrue and misleading statements in the prospectus supplements.

1 134. The registration statements, as amended by the prospectus supplements, contained
2 untrue statements of material fact and omitted to state material facts necessary in order to make
3 the statements, in the light of the circumstances under which they were made, not misleading.
4 These untrue and misleading statements included all of the untrue and misleading statements
5 described in paragraphs 45 through 122.

6 135. The Bank expressly excludes from this cause of action any allegation that could be
7 construed as alleging fraud or intentional or reckless conduct. This cause of action is based solely
8 on claims of strict liability or negligence under the Securities Act of 1933.

9 136. The Bank did not know when it purchased these certificates that the statements in
10 the registration statements, as amended by the prospectus supplements, were untrue or
11 misleading.

12 137. The Bank has suffered a loss on each of these certificates.

13 138. The Bank is entitled to recover damages as described in 15 U.S.C. § 77k(e).

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THIRD CAUSE OF ACTION

UNTRUE OR MISLEADING STATEMENTS IN THE SALE OF SECURITIES
(Section 12(a)(2) of the Securities Act of 1933)

139. This cause of action is alleged against the following Defendants:

<i>Against Defendant:</i>	<i>In connection with Securitizations:</i>
Credit Suisse	Securitizations Nos. 7 through 10
Deutsche	Securitizations Nos. 18 through 31
Bear Stearns	Securitizations Nos. 40 and 41
SAMI II	Securitization No. 40
Greenwich Capital	Securitization No. 44
Morgan Stanley	Securitizations Nos. 45 through 47
UBS	Securitizations Nos. 54 through 59
Countrywide	Securitizations Nos. 75 through 78
CWALT	Securitizations Nos. 7, 9, 10, 18 through 31, 41, 44 through 47, 54 through 59, 75 through 78

140. The Bank hereby incorporates by reference, as though fully set forth, paragraphs 1 through 138.

141. In doing the acts alleged, the Defendants named above violated Section 12(a)(2) of the Securities Act of 1933 in the sale to the Bank of the certificates in the securitizations referred to above.

142. This action is brought within one year after the discovery of the untrue and misleading statements in the prospectus supplements and other written offering materials and oral communications that the dealers sent to the Bank, and within three years of these certificates having been sold to the public, or within any applicable period as tolled by the pendency of the class actions referred to above or others. Despite having exercised reasonable diligence, the Bank did not and could not reasonably have discovered earlier the untrue and misleading statements in the prospectus supplements and other written offering materials and oral communications that the dealers sent to the Bank.

143. SAMI II and CWALT are depositors of the securitizations listed above and therefore are the issuers of the certificates in those securitizations. In connection with the offer and sale of these certificates to the Bank, the issuers also made all of the statements of material fact about these certificates that were in the prospectus supplements and other written offering materials and oral communications that the dealers sent to the Bank.

1 144. The Bank expressly excludes from this cause of action any allegation that could be
 2 construed as alleging fraud or intentional or reckless conduct. This cause of action is based solely
 3 on claims of strict liability or negligence under the Securities Act of 1933.

4 145. The Defendants named above solicited the Bank to purchase these certificates, and
 5 sold the certificates to the Bank, by means of the prospectus supplements and other written
 6 offering materials and oral communications.

7 146. The prospectus supplements and other written offering materials and oral
 8 communications that the dealers sent to the Bank contained untrue statements of material fact and
 9 omitted to state material facts necessary in order to make the statements, in the light of the
 10 circumstances under which they were made, not misleading.

11 147. The Bank did not know when it purchased these certificates that the statements in
 12 the prospectus supplements and other written offering materials and oral communications that the
 13 dealers sent to the Bank were untrue or misleading.

14 148. The Bank has suffered a loss on each of these certificates.

15 149. The Bank is entitled to recover the consideration that it paid for each of these
 16 certificates, plus interest at the legal rate from the date of purchase to the date on which it
 17 recovers the purchase price, minus the amount of income it has received on each certificate.
 18 Pursuant to Section 12(a)(2) and in anticipation of the remedies thereunder, the Bank hereby
 19 offers to tender each certificate.

20 **FOURTH CAUSE OF ACTION**

21 **LIABILITY OF CONTROLLING PERSON**
 22 (Section 15 of the Securities Act of 1933)

23 150. This cause of action is alleged against the following Defendants:

<i>Against Defendant:</i>	<i>In connection with Securitizations:</i>
The Bear Stearns Companies, Inc..	Securitization No. 40
Countrywide Financial Corporation	Securitizations Nos. 7, 9, 10, 18 through 31, 41, 44 through 47, 54 through 59, 75 through 78

24 151. The Bank hereby incorporates by reference, as though fully set forth, paragraphs 1
 25 through 149.

1 152. The Defendants named above are liable because, in doing the acts alleged, persons
2 they controlled violated Sections 11 and 12(a)(2) of the Securities Act of 1933 in the sale to the
3 Bank of the certificates in the securitizations referred to above.

4 153. The Bear Stearns Companies, Inc. by or through stock ownership, agency, or
5 otherwise, controlled SAMI II within the meaning of Section 15 of the Securities Act of 1933.

6 154. Countrywide Financial Corporation by or through stock ownership, agency, or
7 otherwise, controlled CWALT within the meaning of Section 15 of the Securities Act of 1933.

8 155. In doing the acts alleged, each controlled person named in paragraphs 153 and 154
9 is liable under Sections 11 and 12(a)(2) of the Securities Act of 1933 for the reasons alleged in
10 paragraphs 1 through 149.

11 156. Each Defendant named above is therefore jointly and severally liable with and to
12 the same extent as the person it controlled.

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FIFTH CAUSE OF ACTION

NEGLIGENCE MISREPRESENTATION

(California Civil Code §§ 1572 *et seq.* and 1709 *et seq.*, and Common Law)

157. This cause of action is alleged against the following defendants:

<i>Against Defendant:</i>	<i>In connection with Securitizations:</i>
Credit Suisse	Securitizations Nos. 1 through 10
CSFB Mortgage Securities	Securitizations Nos. 1 through 3, 5, and 6
Deutsche	Securitizations Nos. 11 through 31
Deutsche Alt-A	Securitizations Nos. 12 through 16
Bear Stearns	Securitizations Nos. 32 through 41
SAMI II	Securitizations Nos. 32, 33, 35, 37, 39, and 40
Greenwich Capital	Securitizations Nos. 42 through 44
Greenwich Capital Acceptance	Securitization No. 42
Morgan Stanley	Securitizations Nos. 45 through 47
UBS	Securitizations Nos. 48 through 59
MAST	Securitizations Nos. 48 through 53
Banc of America	Securitizations Nos. 60 through 73
Banc of America Funding	Securitizations Nos. 60 through 63, 68 and 71
Banc of America Mortgage Securities	Securitizations Nos. 64 through 67, 69, 70, and 72
Countrywide	Securitizations Nos. 74 through 78
CWALT	Securitizations Nos. 7, 9, 10, 17 through 31, 41, 43 through 47, 54 through 59, 73, and 75 through 78

158. The Bank hereby incorporates by reference, as though fully set forth, paragraphs 1 through 156.

159. As alleged above, the Defendants named above made untrue or misleading representations regarding the LTVs of the mortgage loans in the collateral pools of these securitizations, the occupancy status of properties that secured the mortgage loans in these securitizations, underwriting guidelines of the originators, and related matters.

160. In making the representations referred to above, the Defendants intended to induce the Bank to rely on those representations in making its decision to purchase these certificates in these securitizations.

161. When the Defendants made these representations, they had no reasonable ground for believing them to be true. The Bank is informed and believes, and based thereon alleges, that Defendants had access to the files on the mortgage loans in the collateral pools for these

1 securitizations, and, had the Defendants inspected those files, they would have learned that the
2 information they gave the Bank contained untrue or misleading statements. In addition, the Bank
3 is informed and believes, and based thereon alleges, that Defendants hired one or more "due-
4 diligence contractors" to ascertain whether the mortgage loans in the collateral pools complied
5 with the representations and warranties made about those loans, and these contractors reported to
6 the Defendants that a material number of the loans in the collateral pools were different from the
7 descriptions of those loans in the prospectus supplements. Thus, the Bank is informed and
8 believes, and based thereon alleges, that Defendants had access to information that either did
9 make the Defendants aware, or should have made them aware had they heeded that information,
10 that the representations they made to the Bank contained material untrue or misleading statements
11 about the mortgage loans in the collateral pools.

12 162. When it purchased these certificates, the Bank did not know about the untrue and
13 misleading statements alleged herein.

14 163. The Bank reasonably and justifiably relied on the representations described above
15 in analyzing and deciding to purchase these certificates. Had the Defendants not made these false
16 and misleading representations, the Bank would not have purchased these certificates.

17 164. As a direct and proximate result of the negligent misrepresentations by the
18 Defendants, the Bank was damaged in an amount to be proved at trial.

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SIXTH CAUSE OF ACTION

RESCISSIION OF CONTRACT

(California Civil Code §§ 1689 and 1710, and Common Law)

165. This cause of action is alleged against the following defendants:

<i>Against Defendant:</i>	<i>In connection with Securitizations:</i>
Credit Suisse	Securitizations Nos. 1 through 10
Deutsche	Securitizations Nos. 11 through 31
Bear Stearns	Securitizations Nos. 32 through 41
Greenwich Capital	Securitizations Nos. 42 through 44
Morgan Stanley	Securitizations Nos. 45 through 47
UBS	Securitizations Nos. 48 through 59
Banc of America	Securitizations Nos. 60 through 73
Countrywide	Securitizations Nos. 74 through 78

166. The Bank hereby incorporates by reference, as though fully set forth, paragraphs 1 through 164.

167. The Bank purchased each certificate pursuant to a contract in writing between the Bank and the dealer from which it purchased that certificate. Each contract stated the consideration that the Bank paid each dealer for each certificate.

168. In making each contract to purchase the certificates, the Bank relied on the truth of the statements that the Defendants named above made in the prospectus supplements and other offering materials. Because those statements were untrue or misleading, the Bank was mistaken about its basic assumptions underlying its purchase of each certificate, and this mistake had a material adverse effect on the agreed-upon exchange represented by the Bank's purchase of each certificate. Because the Defendants named above were responsible to provide accurate information in the prospectus supplements, the Bank did not assume, nor does it bear, the risk of the fundamental mistake underlying its decision to purchase these certificates.

169. The Defendants named above obtained the consent of the Bank to the contracts to purchase the certificates by means of their assertion, as facts, of that which was not true, when those Defendants had no reasonable ground for believing those assertions to be true.

170. Pursuant to California Civil Code, § 1689 et seq., the Bank is entitled to rescind, and does hereby demand the rescission of, each contract for the sale and purchase of these

1 certificates. The Bank offers to restore all benefits that it has received under those contracts and is
2 entitled to recover all consideration that it paid under them.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, the Bank respectfully demands judgment as follows:

5 A. On the first cause of action, the consideration that the Bank paid for each
6 certificate with interest thereon, less the amount of any income that the Bank has received
7 thereon, upon the Bank's tender of each certificate;

8 B. On the second cause of action, damages in an amount to be determined at trial;

9 C. On the third cause of action, the consideration that the Bank paid for each
10 certificate with interest thereon, less the amount of any income that the Bank has received
11 thereon, upon the Bank's tender of each certificate;

12 D. On the fourth cause of action, the consideration that the Bank paid for each
13 certificate with interest thereon, less the amount of any income that the Bank has received
14 thereon, upon the Bank's tender of each certificate;

15 E. On the fifth cause of action, damages in an amount to be determined at trial;

16 F. On the sixth cause of action, the consideration that the Bank paid for each
17 certificate with interest thereon, less the amount of any income that the Bank has received
18 thereon, upon the Bank's tender of each certificate;

19 G. All together with the costs of this action, the reasonable fees of the Bank's
20 attorneys in this action, and such other and further relief as the Court may deem just.

21 Dated: June 10, 2010

GOODIN, MACBRIDE, SQUERI,
DAY & LAMPREY, LLP

GRAIS & ELLSWORTH LLP

24 By _____
25

Robert A. Goodin
Attorneys for Plaintiff
Federal Home Loan Bank of San Francisco

26
27 3428/001/X119864.v1

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EXHIBIT A TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Bank of America N.A. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

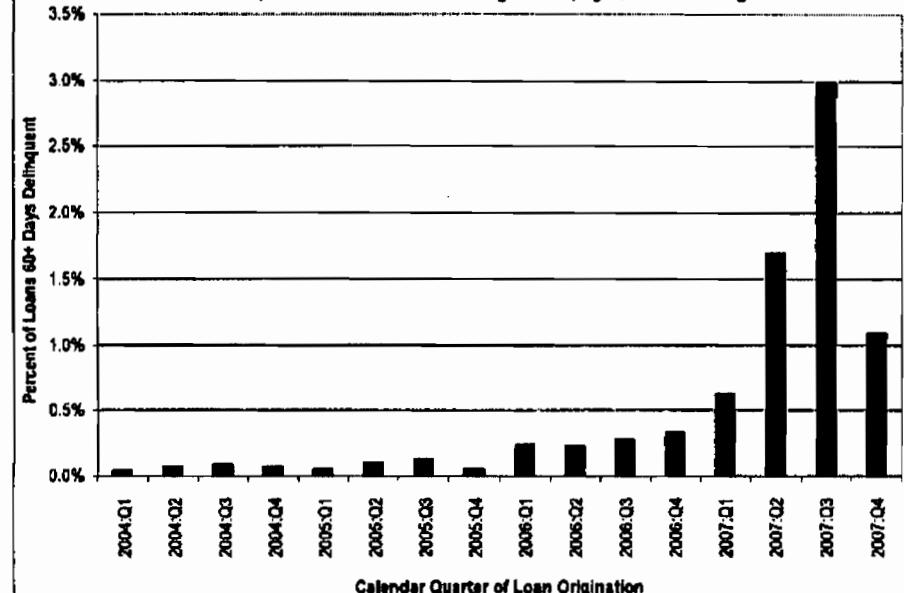
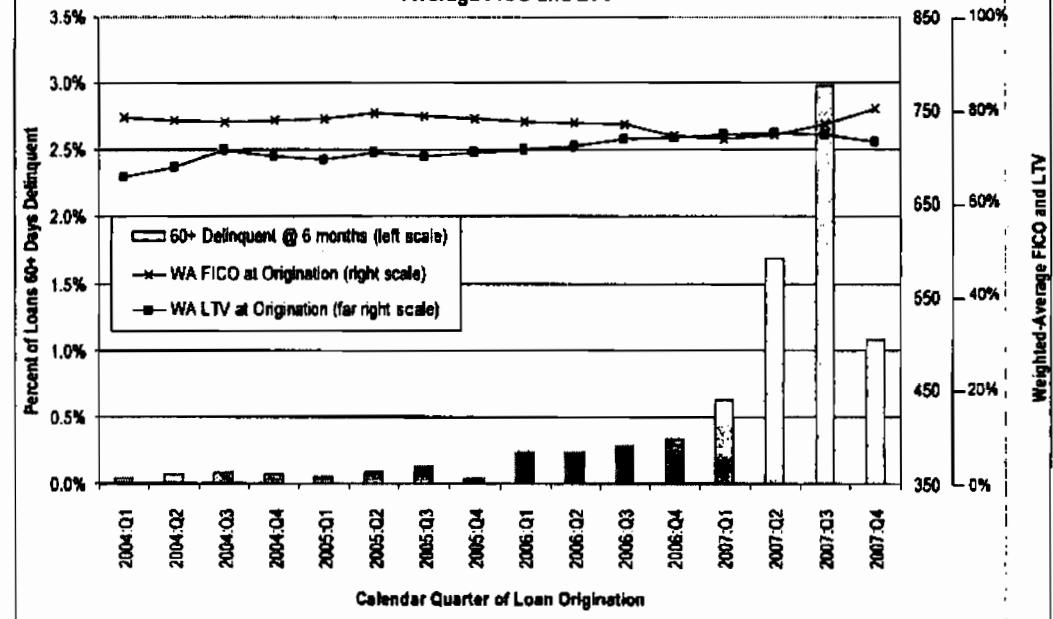


Figure 2: Percent of Loans Originated by Bank of America N.A. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT B TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Bear Stearns Residential Mortgage Corp., EMC Mortgage Corp., or their Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

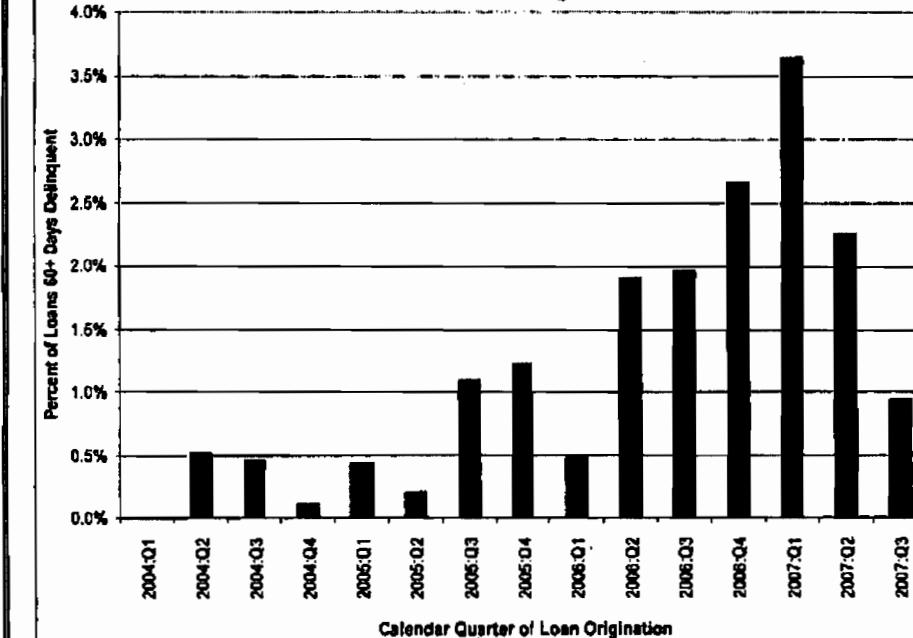
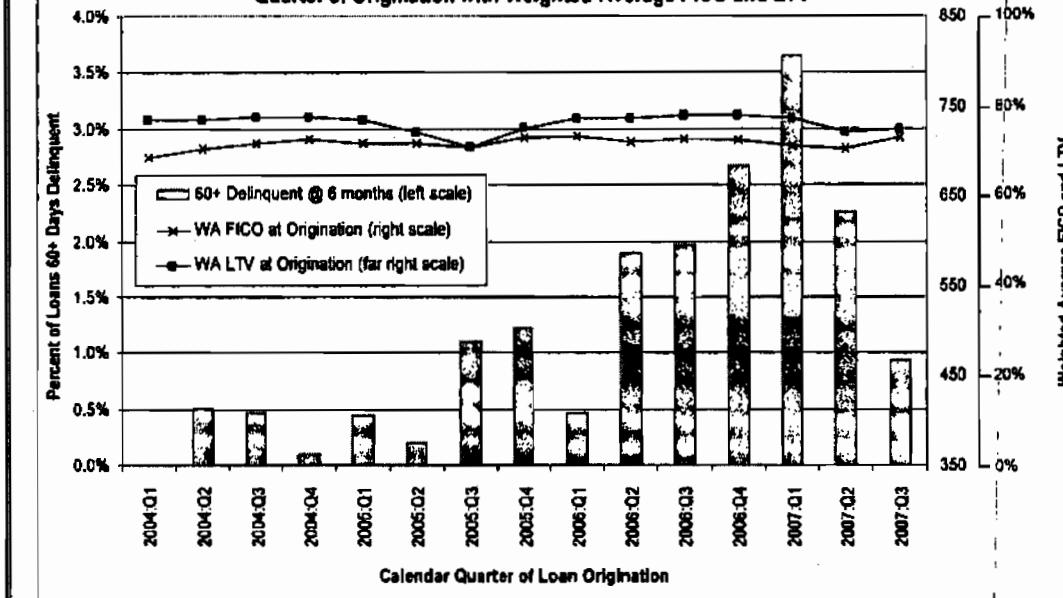


Figure 2: Percent of Loans Originated by Bear Stearns Residential Mortgage Corp., EMC Mortgage Corp., or their Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT C TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Countrywide Home Loans Inc. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

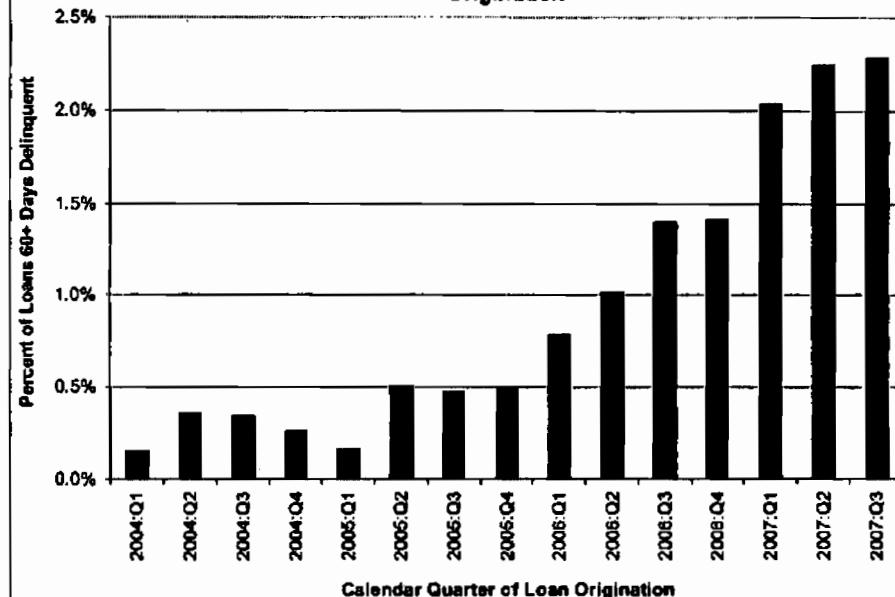
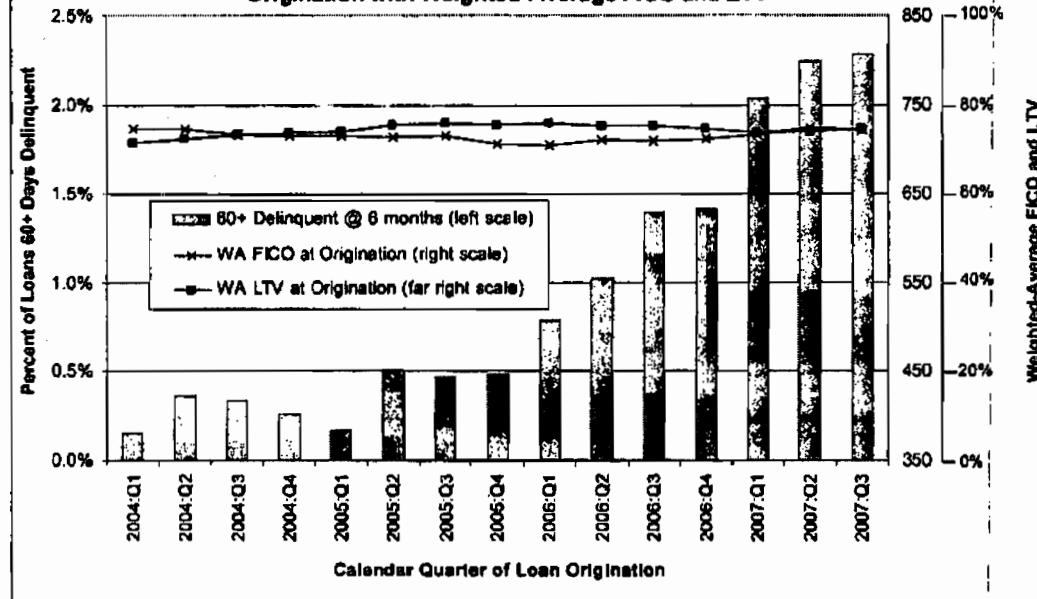


Figure 2: Percent of Loans Originated by Countrywide Home Loans Inc. or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT D TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Credit Suisse First Boston Corp., DLJ Mortgage Capital Inc., or their Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

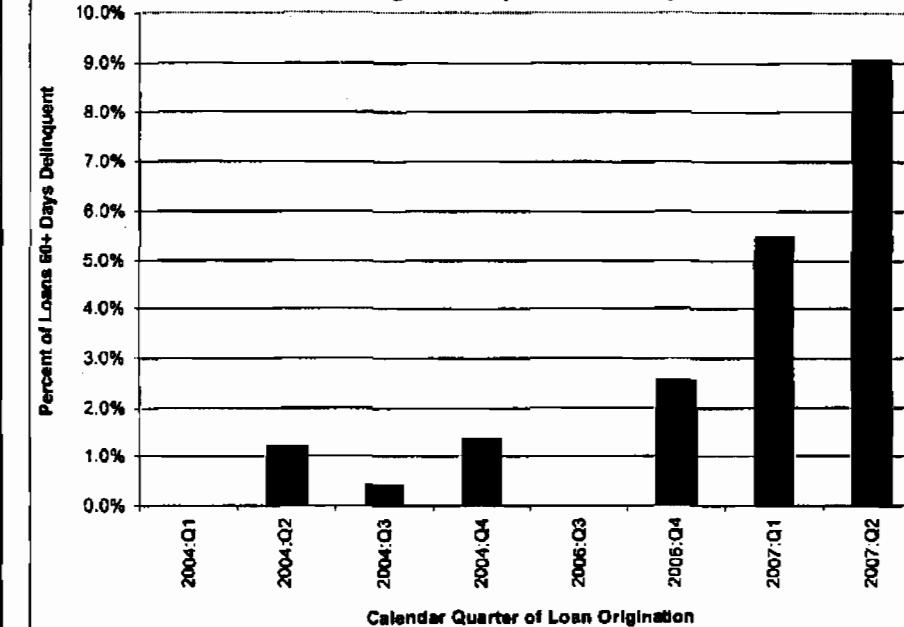
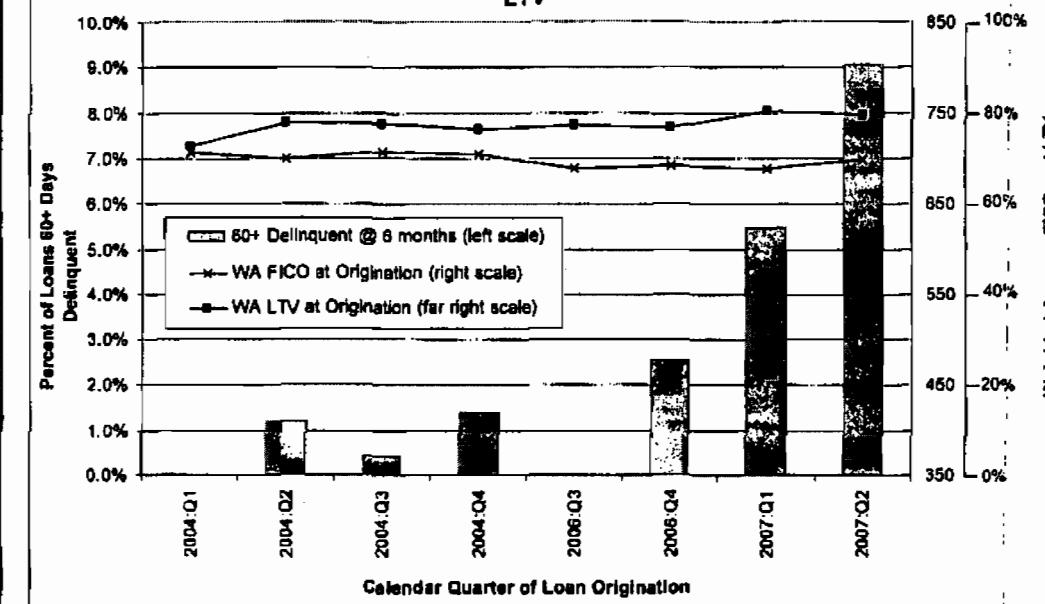


Figure 2: Percent of Loans Originated by Credit Suisse First Boston Corp., DLJ Mortgage Capital Inc., or their Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT E TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by GMAC Mortgage Corporation or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

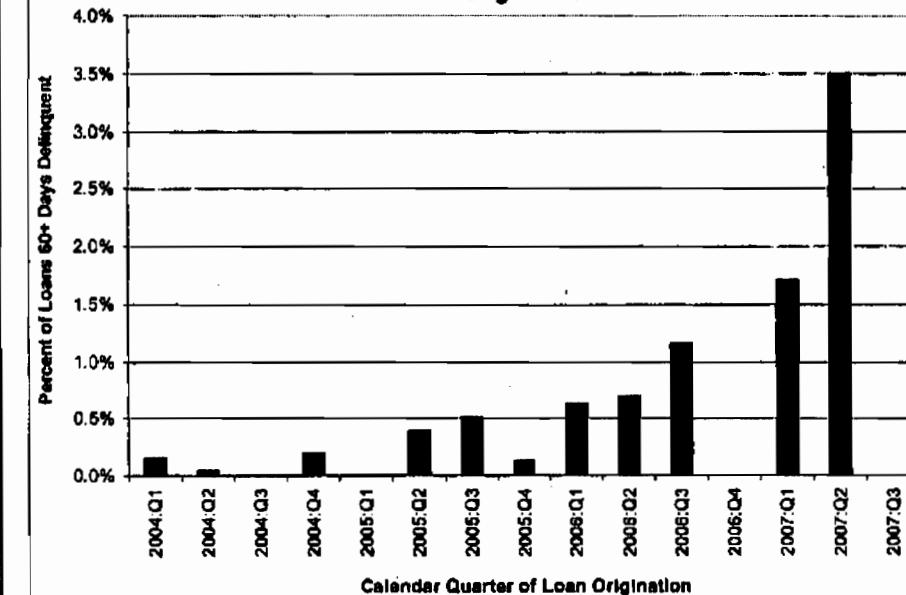
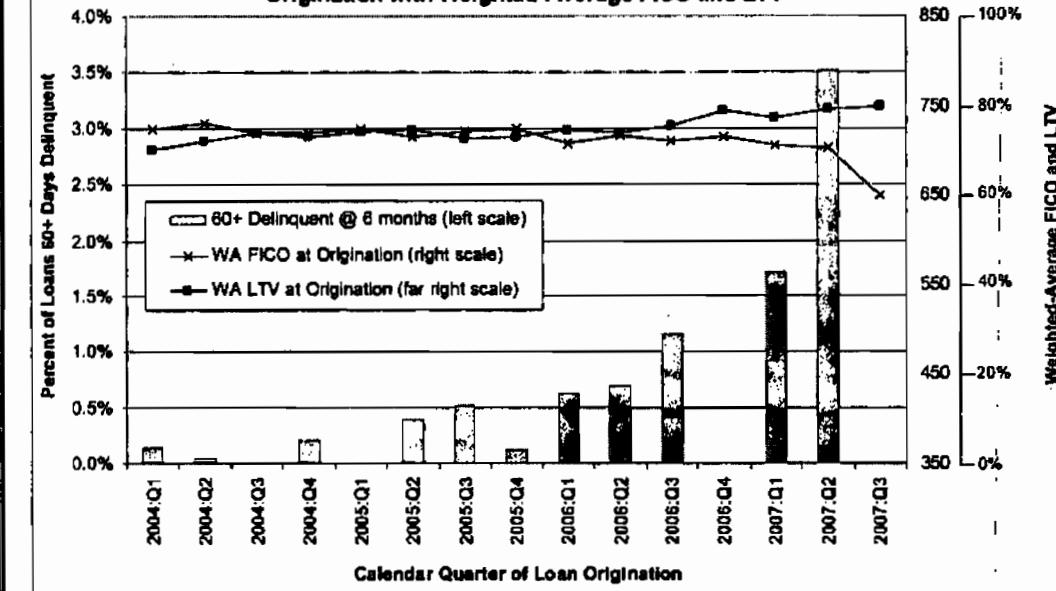


Figure 2: Percent of Loans Originated by GMAC Mortgage Corporation or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT F TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Greenpoint Mortgage Funding or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

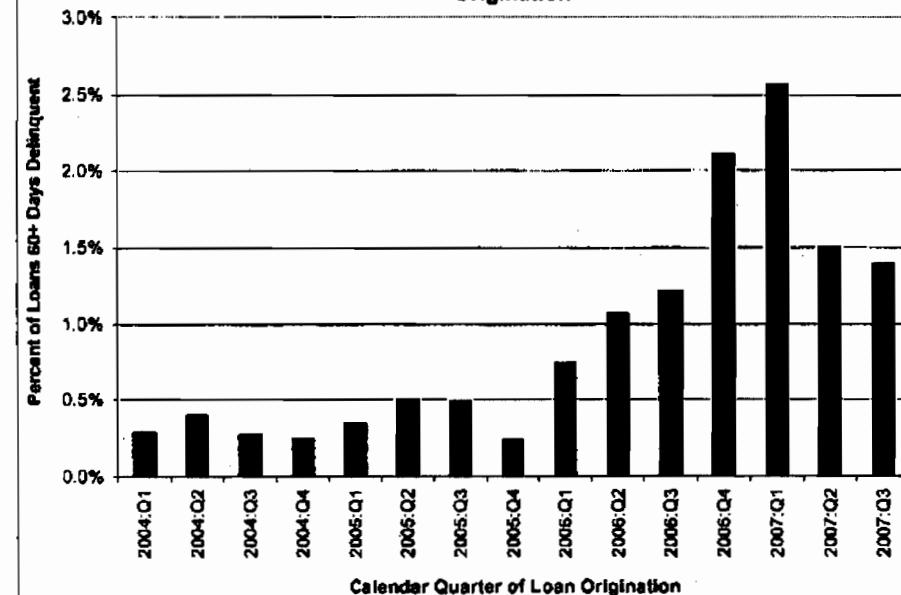
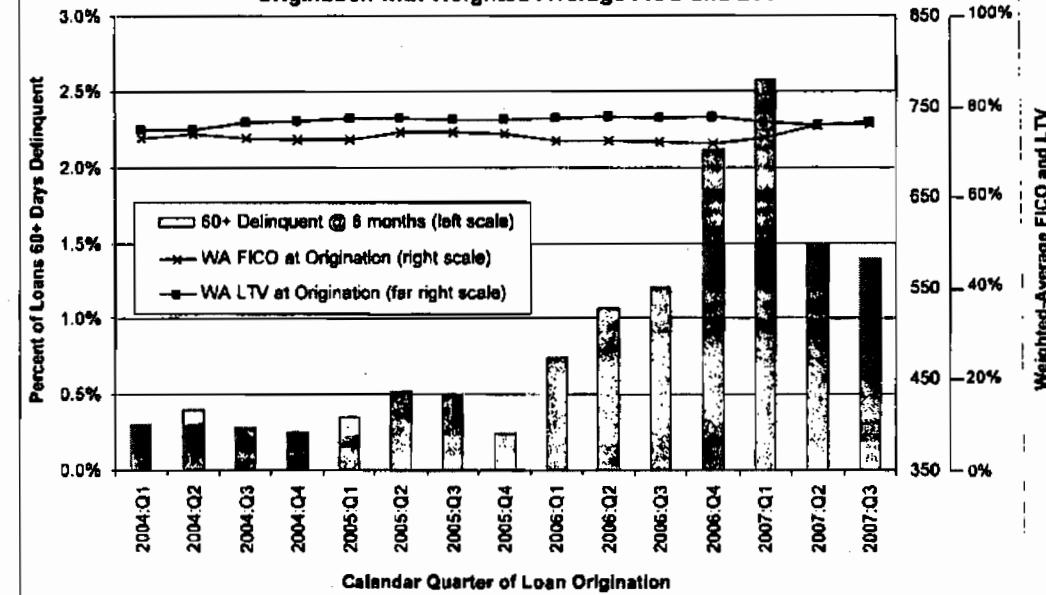


Figure 2: Percent of Loans Originated by Greenpoint Mortgage Funding or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT G TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Mortgage IT Inc. or Its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination

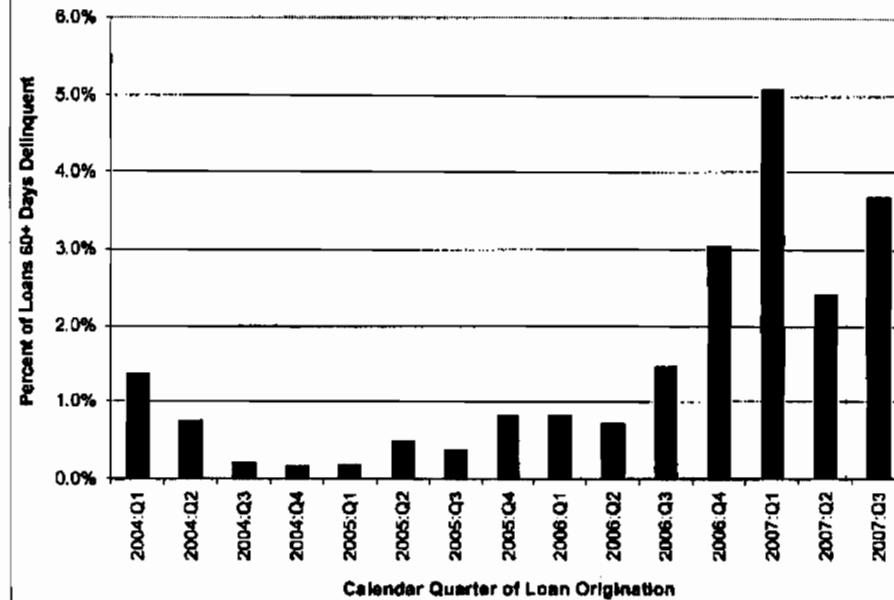
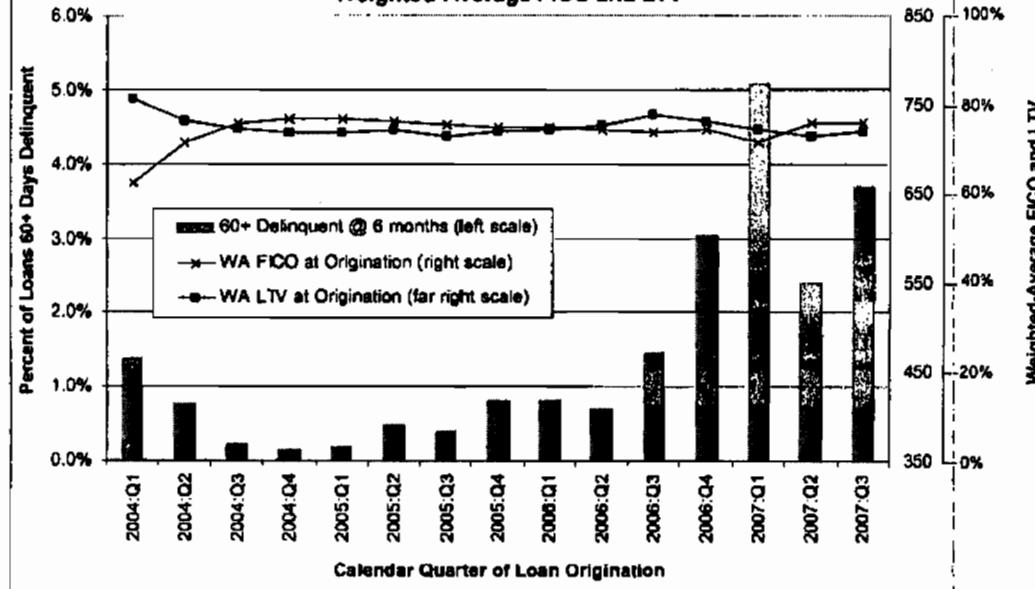


Figure 2: Percent of Loans Originated by Mortgage IT Inc. or Its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter of Origination with Weighted-Average FICO and LTV



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EXHIBIT H TO THE AMENDED COMPLAINT

Figure 1: Percent of Loans Originated by Wells Fargo Bank N.A.
or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter
of Origination

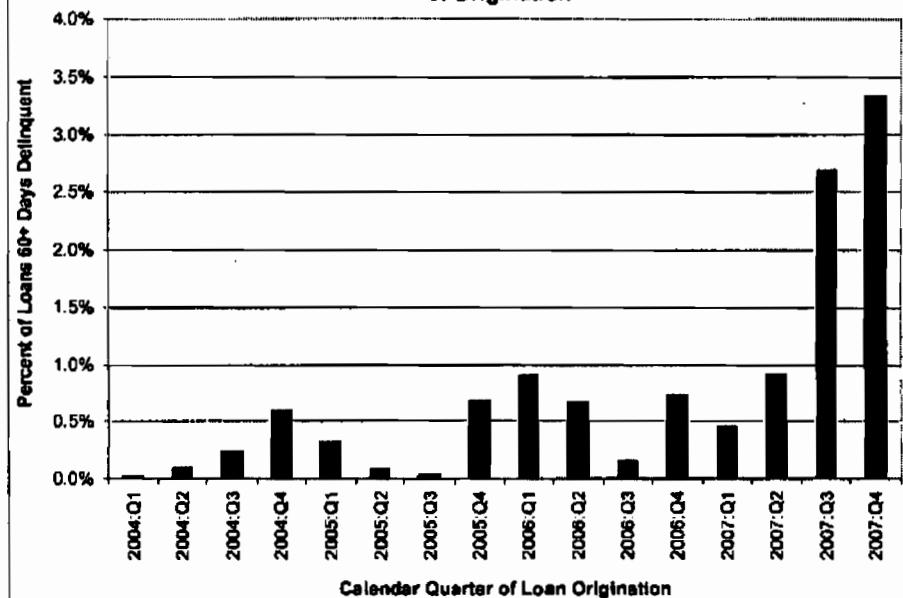
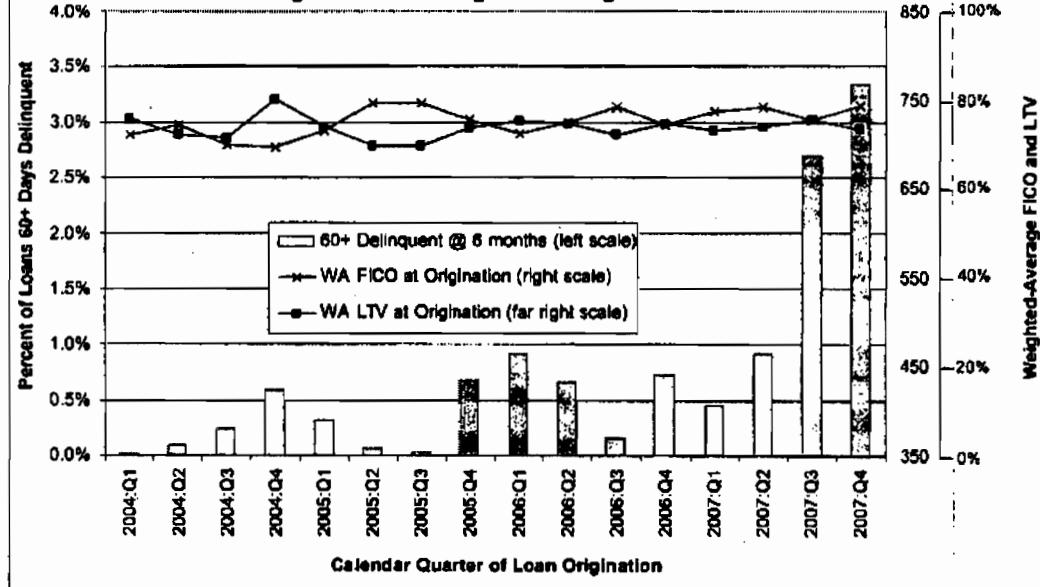


Figure 2: Percent of Loans Originated by Wells Fargo Bank N.A.
or its Affiliates 60+ Days Delinquent Six Months After Origination, by Quarter
of Origination with Weighted-Average FICO and LTV



3428/001/X119829.v1

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22 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
23 IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO

24 FEDERAL HOME LOAN BANK OF SAN
25 FRANCISCO,

26 Plaintiff,

27 v.

28 CREDIT SUISSE SECURITIES (USA) LLC,
F/K/A CREDIT SUISSE FIRST BOSTON
LLC;
CREDIT SUISSE FIRST BOSTON
MORTGAGE SECURITIES CORP.;
DEUTSCHE BANK SECURITIES, INC.;
DEUTSCHE ALT-A SECURITIES, INC.;
J.P. MORGAN SECURITIES, INC., F/K/A
BEAR STEARNS & CO., INC.;
STRUCTURED ASSET MORTGAGE
INVESTMENTS II, INC.;

No. CGC-10-497840

**VOLUME 1 OF SCHEDULES OF
FIRST AMENDED COMPLAINT
(SCHEDULES 1-20)**

1 THE BEAR STEARNS COMPANIES, LLC,
2 F/K/A THE BEAR STEARNS COMPANIES,
3 INC.;
4 RBS SECURITIES, INC., F/K/A
5 GREENWICH CAPITAL MARKETS, INC.;
6 RBS ACCEPTANCE, INC. F/K/A
7 GREENWICH CAPITAL ACCEPTANCE,
8 INC.;
9 MORGAN STANLEY & CO.
10 INCORPORATED;
11 UBS SECURITIES, LLC;
12 MORTGAGE ASSET SECURITIZATION
13 TRANSACTIONS, INC.;
14 BANC OF AMERICA SECURITIES LLC;
15 BANC OF AMERICA FUNDING
16 CORPORATION;
17 BANC OF AMERICA MORTGAGE
18 SECURITIES, INC.;
19 COUNTRYWIDE SECURITIES
20 CORPORATION;
21 CWALT, INC.;
22 COUNTRYWIDE FINANCIAL
23 CORPORATION; AND,
24 DOES 1-50,

25
26 Defendants.
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28

SCHEDULE 1 TO FIRST AMENDED COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the complaint, those allegations are made against Defendants Credit Suisse and CSFB Mortgage Securities.

Item 44. Details of trust and certificate(s).

- (a) Dealer that sold the certificate(s) to the Bank: Credit Suisse

(b) Description of the trust: Adjustable Rate Mortgage-Backed Pass-Through
Certificates, Series 2007-1 was a securitization in February 2007 of 4,345 mortgage loans, in five
The mortgage loans in the collateral pool of this securitization were originated by DLJ
Mortgage Capital, Inc., Countrywide Home Loans, Inc., Credit Suisse Financial Corporation,
First Mortgage Inc., and various undisclosed originators. DLJ Mortgage Capital, Inc.
originated or acquired 24.6% of the loans in loan groups 1 through 4; Countrywide Home Loans,
originated or acquired 20.94%; Credit Suisse Financial Corporation originated or acquired
6%; and Suntrust Mortgage Inc. originated or acquired 11.59%. ARMT 2007-1 Pros. Sup. S-
S-36. Credit Suisse Financial Corporation originated or acquired 35.8% of the loans in loan
5, and DLJ Mortgage Capital, Inc. originated or acquired 32.74%. ARMT 2007-1 Pros.
S and S-36

(c) **Description of the certificate(s) that the Bank purchased:** Credit Suisse offered and sold to the Bank a senior certificate in this securitization, in tranche 5-A-3-1, for which the Bank paid \$85,000,000 plus accrued interest on February 28, 2007.

(d) Ratings of the certificate(s) when the Bank purchased them: Standard & Poor's - AAA; Moody's - Aaa.

(e) Current ratings of the certificate(s): Standard & Poor's - B3; Moody's - Aaa.

(f) URL of prospectus supplement for this securitization:

http://www.sec.gov/Archives/edgar/data/1390414/000089109207000737/e26061_424b5.txt

Item 52. Untrue or misleading statements about the LTVs of the mortgage loans:

1 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 2 following statements about the LTVs of the mortgage loans.

3 (a) The weighted-average original LTV of the mortgage loans in loan group 1 was
 4 69.97%. ARMT 2007-1 Pros. Sup. S-17.

5 (b) The weighted-average original LTV of the mortgage loans in loan group 2 was
 6 73.06%. ARMT 2007-1 Pros. Sup. S-17.

7 (c) The weighted-average original LTV of the mortgage loans in loan group 3 was
 8 72.24%. ARMT 2007-1 Pros. Sup. S-17.

9 (d) The weighted-average original LTV of the mortgage loans in loan group 4 was
 10 73.26%. ARMT 2007-1 Pros. Sup. S-17.

11 (e) The weighted-average original LTV of the mortgage loans in loan groups 1-4 was
 12 72.46%. ARMT 2007-1 Pros. Sup. S-17.

13 (f) The weighted-average original LTV of the mortgage loans in loan group 5 was
 14 78%. ARMT 2007-1 Pros. Sup. S-17.

15 (g) “All of the mortgage loans as of the Cut-off Date had LTV ratios at origination of
 16 100% or less.” ARMT 2007-1 Pros. Sup. S-32.

17 (h) In Annex III of the prospectus supplement (“Mortgage Loan Statistical
 18 Information”), Credit Suisse and CSFB Mortgage Securities presented tables of statistics about
 19 the mortgage loans in the collateral pool. ARMT 2007-1 Pros. Sup. III-1 to III-46. Each table
 20 focused on a certain characteristic of the loans (for example, cut-off date mortgage loan principal
 21 balance) and divided the mortgage loans into categories based on that characteristic (for example
 22 loans with cut-off date principal balances of \$50,000.01 to \$75,000, \$75,000.01 to \$100,000,
 23 \$100,000.01 to \$125,000, etc.). Each table then presented various data about the mortgage loans
 24 in each category. One of the tables, entitled “Group 1 Original LTV Ratios,” divided the loans in
 25 loan group 1 into 10 categories of original LTV (for example, Less than or Equal to 50%, 50.01%
 26 to 55%, 55.01% to 60%, etc.). The table made untrue and misleading statements about the
 27 number of mortgage loans, the aggregate principal balance outstanding, and the percent of
 28

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13 Attorneys for Plaintiff
14 Federal Home Loan Bank of San Francisco

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO

**18 FEDERAL HOME LOAN BANK OF SAN
19 FRANCISCO.**

No. CGC-10-497840

**VOLUME 1 OF SCHEDULES OF
FIRST AMENDED COMPLAINT
(SCHEDULES 1-20)**

20 *Journal of Health Politics, Policy and Law*

21 v.

22 CREDIT SUISSE SECURITIES (USA) LLC,
23 F/K/A CREDIT SUISSE FIRST BOSTON
24 LLC;
25 CREDIT SUISSE FIRST BOSTON
26 MORTGAGE SECURITIES CORP.;
27 DEUTSCHE BANK SECURITIES, INC.;
28 DEUTSCHE ALT-A SECURITIES, INC.;
J.P. MORGAN SECURITIES, INC., F/K/A
BEAR STEARNS & CO., INC.;
STRUCTURED ASSET MORTGAGE
INVESTMENTS II, INC.;

1 THE BEAR STEARNS COMPANIES, LLC,
2 F/K/A THE BEAR STEARNS COMPANIES,
3 INC.;
4 RBS SECURITIES, INC., F/K/A
5 GREENWICH CAPITAL MARKETS, INC.;
6 RBS ACCEPTANCE, INC. F/K/A
7 GREENWICH CAPITAL ACCEPTANCE,
8 INC.;
9 MORGAN STANLEY & CO.
10 INCORPORATED;
11 UBS SECURITIES, LLC;
12 MORTGAGE ASSET SECURITIZATION
13 TRANSACTIONS, INC.;
14 BANC OF AMERICA SECURITIES LLC;
15 BANC OF AMERICA FUNDING
16 CORPORATION;
17 BANC OF AMERICA MORTGAGE
18 SECURITIES, INC.;
19 COUNTRYWIDE SECURITIES
20 CORPORATION;
21 CWALT, INC.;
22 COUNTRYWIDE FINANCIAL
23 CORPORATION; AND,
24 DOES 1-50,

25
26 Defendants.
27
28

SCHEDULE 1 TO FIRST AMENDED COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the complaint, those allegations are made against Defendants Credit Suisse and CSFB Mortgage Securities.

Item 44. Details of trust and certificate(s).

(a) Dealer that sold the certificate(s) to the Bank: Credit Suisse

(b) Description of the trust: Adjustable Rate Mortgage-Backed Pass-Through

Certificates, Series 2007-1 was a securitization in February 2007 of 4,345 mortgage loans, in five groups. The mortgage loans in the collateral pool of this securitization were originated by DLJ Mortgage Capital, Inc., Countrywide Home Loans, Inc., Credit Suisse Financial Corporation, Suntrust Mortgage Inc., and various undisclosed originators. DLJ Mortgage Capital, Inc. originated or acquired 24.6% of the loans in loan groups 1 through 4; Countrywide Home Loans, Inc. originated or acquired 20.94%; Credit Suisse Financial Corporation originated or acquired 12.59%; and Suntrust Mortgage Inc. originated or acquired 11.59%. ARMT 2007-1 Pros. Sup. S-5 and S-36. Credit Suisse Financial Corporation originated or acquired 35.8% of the loans in loan group 5, and DLJ Mortgage Capital, Inc. originated or acquired 32.74%. ARMT 2007-1 Pros.

(c) Description of the certificate(s) that the Bank purchased: Credit Suisse offered and sold to the Bank a senior certificate in this securitization, in tranche 5-A-3-1, for which the Bank paid \$85,000,000 plus accrued interest on February 28, 2007.

(d) Ratings of the certificate(s) when the Bank purchased them: Standard & Poor's - AAA; Moody's - Aaa.

(e) Current ratings of the certificate(s): Standard & Poor's - B3; Moody's - Aaa.

(f) URL of prospectus supplement for this securitization:

http://www.sec.gov/Archives/edgar/data/1390414/000089109207000737/e26061_424b5.txt

Item 52. Untrue or misleading statements about the LTVs of the mortgage loans:

1 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 2 following statements about the LTVs of the mortgage loans.

3 (a) The weighted-average original LTV of the mortgage loans in loan group 1 was
 4 69.97%. ARMT 2007-1 Pros. Sup. S-17.

5 (b) The weighted-average original LTV of the mortgage loans in loan group 2 was
 6 73.06%. ARMT 2007-1 Pros. Sup. S-17.

7 (c) The weighted-average original LTV of the mortgage loans in loan group 3 was
 8 72.24%. ARMT 2007-1 Pros. Sup. S-17.

9 (d) The weighted-average original LTV of the mortgage loans in loan group 4 was
 10 73.26%. ARMT 2007-1 Pros. Sup. S-17.

11 (e) The weighted-average original LTV of the mortgage loans in loan groups 1-4 was
 12 72.46%. ARMT 2007-1 Pros. Sup. S-17.

13 (f) The weighted-average original LTV of the mortgage loans in loan group 5 was
 14 78%. ARMT 2007-1 Pros. Sup. S-17.

15 (g) “All of the mortgage loans as of the Cut-off Date had LTV ratios at origination of
 16 100% or less.” ARMT 2007-1 Pros. Sup. S-32.

17 (h) In Annex III of the prospectus supplement (“Mortgage Loan Statistical
 18 Information”), Credit Suisse and CSFB Mortgage Securities presented tables of statistics about
 19 the mortgage loans in the collateral pool. ARMT 2007-1 Pros. Sup. III-1 to III-46. Each table
 20 focused on a certain characteristic of the loans (for example, cut-off date mortgage loan principal
 21 balance) and divided the mortgage loans into categories based on that characteristic (for example
 22 loans with cut-off date principal balances of \$50,000.01 to \$75,000, \$75,000.01 to \$100,000,
 23 \$100,000.01 to \$125,000, etc.). Each table then presented various data about the mortgage loans
 24 in each category. One of the tables, entitled “Group 1 Original LTV Ratios,” divided the loans in
 25 loan group 1 into 10 categories of original LTV (for example, Less than or Equal to 50%, 50.01%
 26 to 55%, 55.01% to 60%, etc.). The table made untrue and misleading statements about the
 27 number of mortgage loans, the aggregate principal balance outstanding, and the percent of
 28

1 aggregate principal balance outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-
 2 3.

3 (i) "The minimum original LTV ratio and the maximum original LTV ratio for the
 4 mortgage loans in loan group 1 are 9.38% and 95.00%, respectively. As of the cut-off date, the
 5 weighted average original LTV ratio for the mortgage loans in group 1 will be approximately
 6 69.97%." ARMT 2007-1 Pros. Sup. III-3.

7 (j) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 8 entitled "Group 2 Original LTV Ratios." This table divided the mortgage loans in group 2 into 10
 9 categories of original LTV (for example, Less than or Equal to 50%, 50.01% to 55%, 55.01% to
 10 60%, etc.). The table made untrue and misleading statements about the number of mortgage
 11 loans, the aggregate principal balance outstanding, and the percent of aggregate principal balance
 12 outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-9.

13 (k) "The minimum original LTV ratio and the maximum original LTV ratio for the
 14 mortgage loans in loan group 2 are 22.75% and 95.00%, respectively. As of the cut-off date, the
 15 weighted average original LTV ratio for the mortgage loans in loan group 2 will be approximately
 16 73.06%." ARMT 2007-1 Pros. Sup. III-9.

17 (l) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 18 entitled "Group 3 Original LTV Ratios." This table divided the mortgage loans in loan group 3
 19 into 11 categories of original LTV (for example, 50.01% to 55%, 55.01% to 60%, 60.01% to
 20 65%, etc.). The table made untrue and misleading statements about the number of mortgage
 21 loans, the aggregate principal balance outstanding, and the percent of aggregate principal balance
 22 outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-16.

23 (m) "The minimum original LTV ratio and the maximum original LTV ratio for the
 24 mortgage loans in loan group 3 are 16.86% and 100.00%, respectively. As of the cut-off date, the
 25 weighted average original LTV ratio for the mortgage loans in loan group 3 will be approximately
 26 72.24%." ARMT 2007-1 Pros. Sup. III-16.

27 (n) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 28 entitled "Group 4 Original LTV Ratios." This table divided the mortgage loans in loan group 4

1 into 11 categories of original LTV (for example, Less than or Equal to 50%, 50.01% to 55%,
 2 55.01% to 60%, etc.). The table made untrue and misleading statements about the number of
 3 mortgage loans, the aggregate principal balance outstanding, and the percent of aggregate
 4 principal balance outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-23.

5 (o) "The minimum original LTV ratio and the maximum original LTV ratio for the
 6 mortgage loans in loan group 4 are 16.67% and 100.00%, respectively. As of the cut-off date, the
 7 weighted average original LTV ratio for the mortgage loans in loan group 4 will be approximately
 8 73.26%." ARMT 2007-1 Pros. Sup. III-23.

9 (p) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 10 entitled "Groups 1-4 Original LTV Ratios." This table divided the mortgage loans in loan groups
 11 1 through 4 into 11 categories of original LTV (for example, Less than or Equal to 50%, 50.01%
 12 to 55%, 55.01% to 60%, etc.). The table made untrue and misleading statements about the
 13 number of mortgage loans, the aggregate principal balance outstanding, and the percent of
 14 aggregate principal balance outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-
 15 30.

16 (q) "The minimum original LTV ratio and the maximum original LTV ratio for the
 17 mortgage loans in loan groups 1-4 are 9.38% and 100.00%, respectively. As of the cut-off date,
 18 the weighted average original LTV ratio for the mortgage loans in loan groups 1-4 will be
 19 approximately 72.46%." ARMT 2007-1 Pros. Sup. III-30.

20 (r) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 21 entitled "Groups [sic] 5 Original LTV Ratios." This table divided the mortgage loans in loan
 22 group 5 into 11 categories of original LTV (for example, 50.01% to 55%, 55.01% to 60%,
 23 60.01% to 65%, etc.). The table made untrue and misleading statements about the number of
 24 mortgage loans, the aggregate principal balance outstanding, and the percent of aggregate
 25 principal balance outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-39.

26 (s) "The minimum original LTV ratio and the maximum original LTV ratio for the
 27 mortgage loans in loan group 5 are 10.66% and 100.00%, respectively. As of the cut-off date, the
 28

1 weighted average original LTV ratio for the mortgage loans in loan group 5 will be approximately
 2 78.00%." ARMT 2007-1 Pros. Sup. III-39.

3 **Item 62. Details of the results of the AVM analysis:**

4 Number of loans	4,345
5 Number of properties on which there was enough information for the model to determine a true market value	2,578
6 Number of loans on which the stated value was 105% or more of the true market value as reported by the model	1,741
7 Aggregate amount by which the stated values of those properties exceeded their true market values as reported by the model	\$159,299,961
8 Number of loans on which the stated value was 95% or less of the true market value as reported by the model	289
9 Aggregate amount by which the true market values of those properties exceed their stated values	\$18,366,289
10 Number of loans with LTVs over 100%, as stated by Defendants	0
11 Number of loans with LTVs over 100%, as determined by the model	414
12 Weighted-average LTV, as stated by Defendants (group 3)	72.2%
Weighted-average LTV, as determined by the model (group 3)	86.6%

13
 14 **Item 65. Evidence from subsequent sales of refinanced properties:**

15 Of the 4,345 mortgage loans in the collateral pool, 1,353 were taken out to refinance,
 16 rather than to purchase, properties. For those 1,353 loans, the value (denominator) in the LTV
 17 was an appraised value rather than a sale price. Of those 1,353 properties, 275 were subsequently
 18 sold for a total of approximately \$92,632,213. The total value ascribed to those same properties in
 19 the LTV data reported in the prospectus supplements and other documents sent to the Bank was
 20 \$137,028,900. Thus, those properties were sold for 67.6% of the value ascribed to them, a
 21 difference of 32.4%. This difference cannot be accounted for by declines in house prices in the
 22 areas in which those properties were located.

23 **Item 71. Undisclosed additional liens:**

- 24 (a) Minimum number of properties with additional liens: 221
 25 (b) Total reduction in equity from additional liens: \$28,493,227
 26 (c) Weighted-average reduction in equity from additional liens: 76.6%

1 **Item 82. Untrue or misleading statements about compliance with USPAP:**

2 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 3 following statement about the appraisals of the properties that secured the mortgage loans in this
 4 securitization: "All appraisals conform to the Uniform Standards of Professional Appraisal
 5 Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and must be on
 6 forms acceptable to Fannie Mae and/or Freddie Mac." ARMT 2007-1 Pros. Sup. S-37.

7 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 8 following statement about the appraisals of the properties that secured the mortgage loans that
 9 were originated or acquired by Countrywide Home Loans: "All appraisals are required to
 10 conform to Fannie Mae or Freddie Mac appraisal standards then in effect." ARMT 2007-1 Pros.
 11 Sup. S-38.

12 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 13 following statement about the appraisals of the properties that secured the mortgage loans that
 14 were originated or acquired by DLJ Mortgage Capital, Inc.: "All appraisals conform to the
 15 Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board
 16 of the Appraisal Foundation and must be on forms acceptable to Fannie Mae and/or Freddie
 17 Mac." ARMT 2007-1 Pros. Sup. S-46.

18 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 19 following statement about the appraisals of the properties that secured the mortgage loans that
 20 were originated or acquired by Credit Suisse Financial Corporation: "All appraisals conform to
 21 the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards
 22 Board of the Appraisal Foundation and must be on forms acceptable to Fannie Mae and/or
 23 Freddie Mac." ARMT 2007-1 Pros. Sup. S-47.

24 **Item 88. Untrue or misleading statements about owner-occupancy of the properties
 25 that secured the mortgage loans:**

26 In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the
 27 following statements about the occupancy status of the properties that secured the mortgage loans
 28 in the collateral pool of this securitization.

1 (a) The percentage of the mortgage loans in loan group 1 that were secured by a
 2 "Primary" residence was 81.88%. ARMT 2007-1 Pros. Sup. S-17.

3 (b) The percentage of the mortgage loans in loan group 2 that were secured by a
 4 "Primary" residence was 87.5%. ARMT 2007-1 Pros. Sup. S-17.

5 (c) The percentage of the mortgage loans in loan group 3 that were secured by a
 6 "Primary" residence was 78.01%. ARMT 2007-1 Pros. Sup. S-17.

7 (d) The percentage of the mortgage loans in loan group 4 that were secured by a
 8 "Primary" residence was 75.52%. ARMT 2007-1 Pros. Sup. S-17.

9 (e) The percentage of the mortgage loans in loan groups 1-4 that were secured by a
 10 "Primary" residence was 80.86%. ARMT 2007-1 Pros. Sup. S-17.

11 (f) The percentage of the mortgage loans in loan group 5 that were secured by a
 12 "Primary" residence was 61.73%. ARMT 2007-1 Pros. Sup. S-17.

13 (g) In Annex III of the prospectus supplement, described in Item 52, Credit Suisse and
 14 CSFB Mortgage Securities presented a table entitled "Group 1 Occupancy Types." This table
 15 divided the mortgage loans in loan group 1 into the categories "Primary," "Investment," and
 16 "Second Home." The table made untrue and misleading statements about the number of mortgage
 17 loans, the aggregate principal balance outstanding, and the percent of aggregate principal balance
 18 outstanding in each of these categories. ARMT 2007-1 Pros. Sup. III-2.

19 (h) In the "Group 1 Occupancy Types" table, Credit Suisse and CSFB Mortgage
 20 Securities stated that 81.88% of the mortgage loans in loan group 1 were secured by a "Primary"
 21 residence, 9.3% by an "Investment" property, and 8.82% by a "Second Home." ARMT 2007-1
 22 Pros. Sup. III-2.

23 (i) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 24 entitled "Group 2 Occupancy Types." This table divided the mortgage loans in loan group 2 into
 25 the categories "Primary," "Investment," and "Second Home." The table made untrue and
 26 misleading statements about the number of mortgage loans, the aggregate principal balance
 27 outstanding, and the percent of aggregate principal balance outstanding in each of these
 28 categories. ARMT 2007-1 Pros. Sup. III-8.

1 (j) In the "Group 2 Occupancy Types" table, Credit Suisse and CSFB Mortgage
 2 Securities stated that 87.5% of the mortgage loans in loan group 2 were secured by a "Primary"
 3 residence, 7.07% by an "Investment" property, and 5.43% by a "Second Home." ARMT 2007-1
 4 Pros. Sup. III-8.

5 (k) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 6 entitled "Group 3 Occupancy Types." This table divided the mortgage loans in loan group 3 into
 7 the categories "Primary," "Investment," and "Second Home." The table made untrue and
 8 misleading statements about the number of mortgage loans, the aggregate principal balance
 9 outstanding, and the percent of aggregate principal balance outstanding in each of these
 10 categories. ARMT 2007-1 Pros. Sup. III-15.

11 (l) In the "Group 3 Occupancy Types" table, Credit Suisse and CSFB Mortgage
 12 Securities stated that 78.01% of the mortgage loans in loan group 3 were secured by a "Primary"
 13 residence, 11.02% by an "Investment" property, and 10.97% by a "Second Home." ARMT 2007-
 14 1 Pros. Sup. III-15.

15 (m) In Annex III, Credit Suisse and CSFB Mortgage Securities presented a table
 16 entitled "Group 4 Occupancy Types." This table divided the mortgage loans in loan group 4 into
 17 the categories "Primary," "Investment," and "Second Home." The table made untrue and
 18 misleading statements about the number of mortgage loans, the aggregate principal balance
 19 outstanding, and the percent of aggregate principal balance outstanding in each of these
 20 categories. ARMT 2007-1 Pros. Sup. III-22.

21 (n) In the "Group 4 Occupancy Types" table, Credit Suisse and CSFB Mortgage
 22 Securities stated that 75.52% of the mortgage loans in loan group 4 were secured by a "Primary"
 23 residence, 21.21% by an "Investment" property, and 3.27% by a "Second Home." ARMT 2007-1
 24 Pros. Sup. III-22.

25 (o) In Annex III, Credit Suisse and CSFB Mortgage Securities presented another table
 26 entitled "Groups 1-4 Occupancy Types." This table divided the mortgage loans in loan groups 1
 27 through 4 into the categories "Primary," "Investment," and "Second Home." The table made
 28 untrue and misleading statements about the number of mortgage loans, the aggregate principal

1 balance outstanding, and the percent of aggregate principal balance outstanding in each of these
 2 categories. ARMT 2007-1 Pros. Sup. III-30.

3 (p) In the "Groups 1-4 Occupancy Types" table, Credit Suisse and CSFB Mortgage
 4 Securities stated that 80.86% of all of the mortgage loans in loan groups 1 through 4 were secured
 5 by a "Primary" residence, 11.31% by an "Investment" property, and 7.83% by a "Second Home."
 6 ARMT 2007-1 Pros. Sup. III-30.

7 (q) In Annex III, Credit Suisse and CSFB Mortgage Securities presented another table
 8 entitled "Groups [sic] 5 Occupancy Types." This table divided the mortgage loans in loan group 5
 9 into the categories "Primary," "Investment," and "Second Home." The table made untrue and
 10 misleading statements about the number of mortgage loans, the aggregate principal balance
 11 outstanding, and the percent of aggregate principal balance outstanding in each of these
 12 categories. ARMT 2007-1 Pros. Sup. III-38.

13 (r) In the "Groups [sic] 5 Occupancy Types" table, Credit Suisse and CSFB Mortgage
 14 Securities stated that 61.73% of the mortgage loans in loan group 5 were secured by a "Primary"
 15 residence, 30.58% by an "Investment" property, and 7.69% by a "Second Home." ARMT 2007-1
 16 Pros. Sup. III-38.

17 **Item 96. Details of properties that were stated to be owner-occupied, but were not:**

- 18 (a) **Number of loans on which the owner of the property instructed tax
 authorities to send property tax bills to him or her at a different address:** 243
- 19 (b) **Number of loans on which the owner of the property could have, but did not,
 designate the property as his or her homestead:** 325
- 20 (c) **Number of loans on which the owner of the property owned three or more
 properties:** 30
- 21 (d) **Eliminating duplicates, number of loans about which one or more of
 statements (a) through (c) is true:** 521

1 **Item 99. Untrue or misleading statements about the underwriting standards of the**
2 **originators of the mortgage loans:**

3 On pages S-36 through S-37 of the prospectus supplement, Credit Suisse and CSFB
4 Mortgage Securities made statements about the underwriting guidelines applied in the origination
5 or acquisition of all of the mortgage loans in the collateral pool. All of those statements are
6 incorporated herein by reference. In particular, Credit Suisse and CSFB Mortgage Securities
7 stated that:

8 (a) "[E]xceptions to the underwriting standards described herein are made in the event
9 that compensating factors are demonstrated by a prospective borrower." ARMT 2007-1 Pros.
10 Sup. S-36.

11 On pages S-37 though S-44 of the prospectus supplement, Credit Suisse and CSFB
12 Mortgage Securities made statements about the underwriting guidelines of Countrywide Home
13 Loans, Inc. All of those statements are incorporated herein by reference. In particular, Credit
14 Suisse and CSFB Mortgage Securities stated that:

15 (a) "Exceptions to Countrywide Home Loans' underwriting guidelines may be made if
16 compensating factors are demonstrated by a prospective borrower." ARMT 2007-1 Pros. Sup. S-
17 38.

18 (b) "Countrywide Home Loans' underwriting standards are applied by or on behalf of
19 Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment
20 ability and the value and adequacy of the mortgaged property as collateral." ARMT 2007-1 Pros.
21 Sup. S-38.

22 On pages S-44 through S-46 of the prospectus supplement, Credit Suisse and CSFB
23 Mortgage Securities made statements about the underwriting guidelines of DLJ Mortgage Capital,
24 Inc. All of those statements are incorporated herein by reference. In particular, Credit Suisse and
25 CSFB Mortgage Securities stated that:

26 (a) "[E]xceptions to the underwriting standards described herein are made in the event
27 that compensating factors are demonstrated by a prospective borrower." ARMT 2007-1 Pros.
28 Sup. S-45.

1 On pages S-46 through S-47 of the prospectus supplement, Credit Suisse and CSFB
 2 Mortgage Securities made statements about the underwriting guidelines of Credit Suisse Financial
 3 Corporation. All of those statements are incorporated herein by reference. In particular, Credit
 4 Suisse and CSFB Mortgage Securities stated that:

5 (a) “[E]xceptions to the underwriting standards described herein are made in the event

6 that compensating factors are demonstrated by a prospective borrower.” ARMT 2007-1 Pros.

7 Sup. S-46.

8 (b) “Based on the data provided in the application and certain verification (if

9 required), a determination is made by the original lender that the mortgagor’s monthly income (if

10 required to be stated) will be sufficient to enable the mortgagor to meet its monthly obligations on

11 the mortgage loan and other expenses related to the property.” ARMT 2007-1 Pros. Sup. S-46.

12 **Item 106. Early payment defaults:**

13 (a) **Number of the mortgage loans that suffered EPDs: 261**

14 (b) **Percent of the mortgage loans that suffered EPDs: 6.0%**

15 (c) **Percent of all securitized, non-agency prime (including Alt-A) mortgage loans**
 16 **made at the same time as the loans in the collateral pool that experienced**
 17 **EPDs: 0.83%**

18 **Item 107. 90+ days delinquencies:**

19 (a) **Number of the mortgage loans that suffered 90+ days delinquencies: 2,253**

20 (b) **Percent of the mortgage loans that suffered 90+ days delinquencies: 51.9%**

21 (c) **Percent of all securitized, non-agency prime (including Alt-A) mortgage loans**
 22 **made at the same time as the loans in the collateral pool that suffered 90+**
 23 **days delinquencies: 33.9%**

24 **Item 108. 30+ days delinquencies in this securitization:**

25 (a) **Number of the mortgage loans that were 30+ days delinquent on March 31,**
 26 **2010: 2,058**

27 (b) **Percent of the mortgage loans that were 30+ days delinquent on March 31,**
 28 **2010: 47.4%**

- 1 (c) **Percent of all mortgage loans in the United States that were 30+ days**
 2 **delinquent on March 31, 2010: 14.7%**

3 **Item 117. Statements about the ratings of the certificate(s) that the Bank purchased:**

4 On page S-7 of the prospectus supplement, Credit Suisse and CSFB Mortgage Securities
 5 made statements about the ratings assigned to the certificates issued in this securitization. Credit
 6 Suisse and CSFB Mortgage Securities stated that the Bank's certificate was rated Aaa by
 7 Moody's Investors Service, Inc. and AAA by Standard & Poor's Rating Services. These were the
 8 highest ratings available from these two rating agencies.

9 Credit Suisse and CSFB Mortgage Securities also stated: "When issued, the offered
 10 certificates will receive ratings that are not lower than those listed in the table on page S-7 of this
 11 prospectus supplement." ARMT 2007-1 Pros. Sup. S-16.

12 Credit Suisse and CSFB Mortgage Securities also stated: "It is a condition to the issuance
 13 of the offered certificates that they be rated as indicated on page S-7 of this prospectus
 14 supplement by Moody's Investors Service ('Moody's') and Standard & Poor's Ratings Services
 15 ('S&P')." ARMT 2007-1 Pros. Sup. S-136.

16 **Item 120. Summary of loans about which the Defendants made untrue or misleading
 17 statements:**

- 18 (a) **Number of loans whose LTVs were materially understated: 1,741**
 19 (b) **Number of loans in which the owner's equity was reduced by 5% or more by
 20 undisclosed additional liens: 196**
 21 (c) **Number of loans that suffered EPDs: 261**
 22 (d) **Number of loans in which the properties were stated to be owner-occupied
 23 but were not: 521**
 24 (e) **Eliminating duplicates, number of loans about which the Defendants made
 25 untrue or misleading statements: 2,198**
 26 (f) **Eliminating duplicates, percent of loans about which the Defendants made
 27 untrue or misleading statements: 50.6%**

SCHEDULE 2 TO FIRST AMENDED COMPLAINT

To the extent that this Schedule is incorporated by reference into allegations in the complaint, those allegations are made against Defendants Credit Suisse and CSFB Mortgage Securities.

Item 44. Details of trust and certificate(s).

- (a) Dealer that sold the certificate(s) to the Bank: Credit Suisse
(b) Description of the trust: Adjustable Rate Mortgage-Backed Pass-Through
Certificates, Series 2006-1 was a securitization in February 2006 of 3,139 mortgage loans, in six

(c) Description of the certificate(s) that the Bank purchased: Credit Suisse offered and sold to the Bank a senior certificate in this securitization, in tranche 3-A-1, for which the Bank paid \$165,863,672 plus accrued interest on February 28, 2006.

(d) Ratings of the certificate(s) when the Bank purchased them: Standard & Poor's - AAA; Moody's - Aaa.

(e) Current ratings of the certificate(s): Standard & Poor's - Caal; Moody's - Aaa.

(f) URL of prospectus supplement for this securitization:

Item 52. Untrue or misleading statements about the LTVs of the mortgage loans:

In the prospectus supplement, Credit Suisse and CSFB Mortgage Securities made the following statements about the LTVs of the mortgage loans in the collateral pool of this securitization:

¹ The Bank makes no allegations about the mortgage loans in group 6.

1 (a) The weighted-average original LTV of the mortgage loans in loan group 1 was
 2 74.69%. ARMT 2006-1 Pros. Sup. S-17.

3 (b) The weighted-average original LTV of the mortgage loans in loan group 2 was
 4 74.25%. ARMT 2006-1 Pros. Sup. S-17.

5 (c) The weighted-average original LTV of the mortgage loans in loan group 3 was
 6 73.34%. ARMT 2006-1 Pros. Sup. S-17.

7 (d) The weighted-average original LTV of the mortgage loans in loan group 4 was
 8 70.83%. ARMT 2006-1 Pros. Sup. S-17.

9 (e) The weighted-average original LTV of the mortgage loans in loan group 5 was
 10 75.98%. ARMT 2006-1 Pros. Sup. S-17.

11 (f) The weighted-average original LTV of all of the mortgage loans in loan groups 1
 12 through 5 was 73.61%. ARMT 2006-1 Pros. Sup. S-17.

13 (g) “All of the mortgage loans as of the Cut-off Date had LTV ratios at origination of
 14 100% or less.” ARMT 2006-1 Pros. Sup. S-34.

15 (h) In Annex III of the prospectus supplement (“Mortgage Loan Statistical
 16 Information”), Credit Suisse and CSFB Mortgage Securities presented tables of statistics about
 17 the mortgage loans in the collateral pool. ARMT 2006-1 Pros. Sup. III-1 to III-50. Each table
 18 focused on a certain characteristic of the loans (for example, cut-off date mortgage loan principal
 19 balance) and divided the mortgage loans into categories based on that characteristic (for example,
 20 mortgage loans with a cut off date principal balance of \$50,000.01 to \$75,000, \$75,000.01 to
 21 \$100,000, etc.). Each table then presented various data about the mortgage loans in each category.
 22 One of the tables, entitled “Group 1 Original LTV Ratios,” divided the mortgage loans in loan
 23 group 1 into 11 categories of original LTV (for example, less than 50%, 50.01% to 55%, 55.01%
 24 to 60%, etc.). The table made untrue and misleading statements about the number of mortgage
 25 loans, the aggregate principal balance outstanding, and the percent of aggregate principal balance
 26 outstanding in each of these categories. ARMT 2006-1 Pros. Sup. III-3.

27 (i) “The minimum original LTV ratio and the maximum original LTV ratio for the
 28 mortgage loans in loan group 1 are 23.58% and 100.00%, respectively. As of the cut-off date, the